P-1305

App. F. IX-4

File No. 11-36

Previous References
C. S 83-35 (2,3)
" 68-33 (1-3)
" 105-31 . . (1-4, 7-15, 17-24 & 32)
" 30-33
Letter References
(1-4, 7, 10)
L S 57-39 (1-4)
G1 26-40-8
" 94 41-1 & 4

PRESERVED

Serial Nos. 24, 106, 201, 219, 221, 224, 223, 225, 226, 227, 230, 232, 234, 236, 238, 254, 275, 277 (274)

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Twenty

Part B for July 1938

SUBJECT.

Draft rule under the Mysore Co-operative Societies Regulation restricting multiple membership of Co-operative societies

G.O. 313 dt 4.7.38

re Compiler vide

WD 0895—GPB—22,500—15-8-37

issue a notification conferring on the Assistant Registrar of Co-operative societies certain powers in regard to multiple membership of Co-operative societies

3507

GENERAL AND REVENUE SECRETARIAT.

(65)

NOTES.

File No. 11-36

FILE HEADING.

Recommendations of the Committee on Cooperation in Mysore

FROM The Registrar of Cooperative Societies in Mysore

No. 5497 Dated 5-1-37 Received 7-1-37

Diary No. 350 | Enclos. — | Spare copies — | Serial No. 2

BRIEF ABSTRACT OF LETTER

Requests approval to the recommendations of the Committee in regard to the restriction of multiple membership of Cooperative Societies

NOTES AND ORDERS.

1) A Copy of the Report of the Jamadar Committee and the G.O thereon and the file referred to in the P. WD are placed below for perusal with reference flagged.

2) The Jamadar Committee recommended that ... in the rule ... the Registrar ... a person ... to join a Society he should be asked to state whether he is a member

NOTES—First Sheet

of another Co-operative Society and if so whether he has discharged all his obligations there. In case it is found that he is a member of another Society and that he has not discharged his obligations there he should be debarred from joining the Society" and Govt in their order dated 30-3-35 accepted the proposal that "no person should be allowed to become a member of more than one Society of the same kind ~~Case decided that Rule that~~ there

3) When the Registrar of Cooperative Societies forwarded draft amendment to the rules to give effect to the recommendation, there was considerable opposition to the proposed rule and their reference is invited to Paras 65-71 79, 82-89 and 113 of the Notes in the file ~~above~~ and also to the statement flagged J wherein the question has been discussed and orders have been issued on 5/9/33 directing that modified ~~alterations~~ in the proposed rule may be made on the lines suggested by the Hyderabad Co-operative Committee.

-G.I. 165-31

Flag Q

Flag M

4) The recent Committee on Cooperation after discussing the question of multiple membership have recommended that "no member of a credit society with liability for profit should be admitted into another similar society which he has voluntarily joined and no person should be allowed to plead his unlimited liability in more societies than one"

Please direct

Serial No.

A definite rule requiring that no person being a member of a credit society except L.M. Bank or Central Financing bank or a H.B society shall be a member of any other credit society without the general or special sanction of the Registrar etc.

5) The Registrar of Co-operative Societies now states that there has been indiscriminate borrowing which has been responsible for the ruin of some of the societies and that the multiple membership particularly in Bangalore & Mysore cities has enabled some to serve on the Directorate of two or more societies which is the result that they have not been able to discharge their responsible duties properly and that the Directorship in some societies has been a monopoly of a few and also that advantage has been taken by some directors to secure votes from clientele of societies in municipal and other governing bodies. and recommends the formulation of a suitable rule to put an end to all these abuses.

6) It is submitted that some of the objections raised in 1932 for framing the rule of the kind seems to hold good even now and it is for consideration and order whether the restriction should be applicable to all societies unlimited or limited, rural or

WD 0417—GPB—80,000—8-9-36

Restriction of multiple membership in co-operative Societies

3507

bs File No. 11 of 1936 | General and Revenue Secretariat

Serial No.

Pages 20 & 28 of the Report

urban, central or primary and whether the Registrar should be empowered to restrict the membership as recommended by the Committee. Sd/- C.S. 31/2/37

2) This is a highly controversial subject. The recommendations of the Committee Samaldas in regard to it are by no means clear. In para 70 of the Report it is stated that in places where there are more societies than one of the same kind the same person shd not be permitted to become a member of all or several of them. Later on, it is stated that "whenever any person wishes to join a society, he shd be asked to state whether he is a member of another co-operative society (whether it is in the same place or elsewhere it is not clear) and if so, whether he has discharged all his obligations there. In case it is found that he is a member of another society and that he has not fully discharged his obligations there

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he shd be debarred from joining the Society." It seems to follow from this that a member of one society may be permitted to become a member of another society provided he has discharged all his obligations to the former. Furthermore, there seems to be some conflict between the position taken up here and the principle enunciated at the beginning of the para

8) The Committee on Cooperation say at page 28 of their Report that "No member of a credit society with unlimited liability shd be admitted into a second similar society until he has withdrawn from the membership of the former. In the file C.S. no 105-of 31-32 the then Registrar says at para 58 that he had not come across any case in which a person has become a member of more than one unlimited society and that the evil exists only in limited liability societies, particularly in Bangalore and Mysore.

WD 0417—GPB—30,000—8-9-36

Serial No.

9) In the next para however it is stated that Committee are in favour of limiting the present unrestricted freedom to borrow in credit societies generally. The proposal now made by the Registrar is identical with the recommendation made by the Committee in this para and it is stated that this proposal is in accordance with the Rule prevailing in Madras.

10) In May 1932 the Registrar C.S. sent a draft Rule (Rule 6A) more or less on the lines of the recommendation of the Committee on Co-operation. This amendment or addition to the Rules provoked acute ~~Controversy~~ controversy and was ultimately deferred for further consideration (vide para 113 of the file C.S. No 105-31 & 31-32) The objections to this rule as ~~sub-~~ mitted are stated with great cogency in the note of the Registrar Co-operative Propaganda Institute (pp 51-53 of the file). The note also suggests an alternative rule which is stated to be free

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GEN SECRETARY. 6 FEB. 1937 1214

Office of the Registrar of Co-operative Societies 8 FEB 1937 No. 5694.

on the objections mentioned therein. It is not known if these objections were fully considered by the Committee on Co-operation. At any rate, it seems desirable to ascertain the views of the Registrar in regard to the objections raised by the Institute and invite his further remarks on his proposal. If approved the file will be returned duly sent to him

11) Gene Secy to 6.2.37
Yes - Was the rule further considered in 1933?
No
Sd/2
No rn 296 of 1936-37) dt 8-2-1937)

12) Forwarded with compliments to the Registrar C.S for favour of remarks
Sd
K Veeraraju
Jr Gl Secy
8.2.37

7386 sec 1 file
12/3/37

Retransmitted with compliments.

13) The Mysore Co-operative Propagandist Institute, which sent up a Note of dissent in 1933 against the draft rule prohibiting a person from becoming a member of more than one society of the same kind, opined that the rule based on the recommendations of the Samaldas

WD 03594—GPB—30,000—13-7-35

Committee Report of 1923 was unnecessary on account of the altered circumstances. If circumstances have altered, it is in a way to make the need for the promulgation of the rule recommended all the more urgent. Multiple membership in the several societies at Bangalore and Mysore and at the several Taluk Head Quarters societies has become very common with all the attendant evils noted by the Committee and pointed out by me, and these circumstances call for an early remedy of the evils.

(4) Regarding the restriction applying only to unlimited liability societies the evil of common membership as stated by my predecessor is not so apparent in such societies and has not worked so much harm as in Limited societies and the rule is quite as necessary if not more so, ~~as~~ for the latter type of societies.

(5) Regarding the advantage to be derived by the several societies from the influential and wealthy persons being members of more than one society though the funds to be contributed by them and though the knowledge and experience they furnish in the management of these institutions, the rule as proposed does not deprive the institutions of such advantage since it is open to the Registrar to allow them to be members of more than one institution and the Registrar can be trusted to exercise his discretion to the advantage of the several societies where it is found that the grant of exemption is really in the interest of the society. Persons who are genuinely anxious to help societies with funds can do it in

other shapes than shares viz., deposits and for this purpose it is not essential that they should be members. Regarding management also, I consider that in the present stage of the growth of the movement, the Cities and the larger towns are not so bereft of sufficient number of suitable men as that the same set of persons should be in requisition to manage the several institutions. On the other hand it is certainly more beneficial to a society if the attention of its directors is confined solely to that institution.

16) Another argument advanced by the Institute is, that one society cannot furnish a creditworthy member, all the accommodation needed and well deserved by him, and this is based on some unintelligible and illogical byelaw prevailing in some societies that no member is eligible for a loan exceeding twice the share amount paid by him. In the first place this is a bad byelaw and should not exist. If a member is further creditworthy, it is not understood why a loan to him should be restricted to twice the share amount paid by him, and on the other hand it is not intelligible either why the society should risk a loan of twice the paid up share amount to a member who may not be worthy of even as much credit. The logical factors that should go to determine the limit of a loan are the repaying capacity of the borrower, the creditworthiness of the person and the funds of the society. With the maximum fixed, on these considerations it should ordinarily be possible for a thrifty member who borrows only for his absolute needs and with the idea of prompt repayment to get all the accommodation he needs from a sin-

society, specially as he will still have the choice of the society of which he wants to be or continue to be a member. It has also to be remembered that Co-operative Societies are generally meant for persons with small needs and not persons with very large needs who can and should find accommodation elsewhere. The belief that excessive and indiscriminate borrowing by a few members can be controlled by the Directors has proved to be a myth. It is found that the directors of the several institutions are, in the first place not aware in most cases, in how many other societies the applicant for the loan is a member and in the next place they have not tried to obtain or have not been able to obtain in how many of them and to what extent he has borrowed and what his conduct has been with regards to those transactions. Actual facts prove that the abuse does exist, and has worked to the harm of both the borrowers concerned and the institutions which instead of promoting thrift according to their primary creed have opened easy opportunities for improvidence and extravagance in their case.

11) Lastly regarding such a rule not being prevalent in other Provinces, I wish to invite attention of Government to the Rule in the neighbouring Presidency of Madras which runs as follows:--

Membership in two credit societies prohibited:-

No person being a member of a credit society, except a Land Mortgage Bank, or a financing Bank shall be a member of any other credit society without the general or special sanction of the Registrar; and where a person has become a member of two such credit societies either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect. I therefore feel strongly, that, as in Madras, a rule as recommended by

OFFICE OF THE
SECOND MEMBER OF COUNCIL.
12 MAR 1937
NO 6425

the Committee should be framed early.

M. S. [illegible]
10/3/37

Camp Shimoga, 10-3-1937.

Registrar of Co-operative Societies in Mysore.

GENERAL SECRETARY.
12 MAR. 1937

W & D

GENERAL SECRETARY
16 MAR. 1937

Vide 18/

Vide refer to Para 11 above it is for submit further proposals for amending the rules if those not receive from the Registrar. Submit for orders

13/3/37 15/3/37

19

Seen Secy 15.3.37

20 The Regr's opinion is for perusal. It would seem to be desirable ordinarily, to restrict membership to one credit society. This is on the assumption that a credit worthy member with repaying capacity can get all the accomodation he needs from the Society of which he is a member.

21 If approved, the Regr will be requested to send up a draft rule, more or less on the lines of the analogous rule in Madras for the consideration of Govt. It may then be published, inviting objections if any; & a decision taken later

Second Mr)

WD 19/3/37

Secy 19.3.37

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2 A draft order may be put up accepting the opinion of the Committee and briefly giving reasons for the decision. If the rule requires republication before it can be finally adopted, necessary action may be taken for the purpose.

MW
25/3/37

WP
25/3.

lej
27.3.37

1 2 3

Draft G.O is submitted for approval. The Registrar has been asked to forward suitable draft rule which when received, will be published, objections invited, and finally adopted after consideration of the receipt objections.

Please flag the reply referred to in the draft

lej
27.5.37

I fear that flag is

20/5/37

25 A Consolidated draft order on Chap II of the report has been separately ~~submitted~~ put up. If it is approved, there will be no need for issuing a separate G.O. in regard to multiple membership. The order of the Member on the Consolidated draft may be awaited

lej
27.5.37

NOTE—Contn. Sheet.

WD 0417—GPE—30,000—8-9-36

3587 multiple membership of Coop Societies

b/f File No. 11 of 1936 General and Revenue Secretariat

Serial No.

1) A Copy of the G.O cited on chapter II of the report is placed in file .. Hence paper will not be need . Subs

to 14/8/37

27 Ag 14.8.37

Pages 2-3 of G.O.

Sec C to 14/8/37

DEVELOPMENT BRANCH

In the G.O reptd to above Govt have accepted the recommendations of the committee, to frame a rule to prohibit a person from becoming member of more than one Society of the same kind Opt calling for a draft rule is sent for above

to 27/9/37

28 Secy to G.S.G Ag 27.9.37

30 Form 2893/37

31 Issued Ag 28.9.37

Issued No D 2799 dated 2/10/37

GEN. & REVN. SECTT. to 6/10/37 ASSISTANT

Letter No 2851 dated 9-10-37 from the Registrar of Cs. forwarding the draft rule re the ~~limit~~ restriction of multiple membership of Coop Societies

32 The principle of restricting multiple membership

2334/37 P 357) V 2031

multiple membership in Co-op Societies

General and Revenue Secretariat — File No. 11 of 193 — [App. F. III—2

Serial No.

* co-operative societies having been asked for the copy rule sent by the Registrar may perhaps be published and objections called for. The draft rule may be got scrutinised in the Law Section. Draft sent to Law 14/10/37

33) For favour of scrutiny

Asst Secy Law WC) Law 14.10.37

118 Law BKR 15.10.37

34) The proposed rule does not seem to contemplate to give to the person, who happens to be a member of two or more Co-op Societies, a chance to elect the Society in which alone he wishes to continue as a member & thus. It is a matter for consideration if it is not desirable to allow him to make a choice and to remove him from membership of the Societies, if he does not make a choice when required to do so.

BKR 19.10.37

Under Secretary, Law for WC)

35) The draft rule is in accordance with the Govt order which accepted the recommendation of the Committee to restrict multiple membership

NOTE—Contn. Sheet.

WD 0417—GPB—80,000—8-9-36

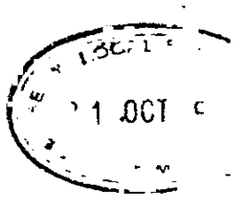
Multiple membership of Co-operative Societies.

C.S File No. 11 of 1936. | General and Revenue Secretariat

Serial No.

However, as suggested by the Min Ley law, it seems desirable to permit a ~~person~~ person who is a member of more than one society to elect the society whose membership he wishes to continue.

Ley K. S. G. Ley 20.10.37



~~The~~ rule proposed "~~a form~~" may perhaps be amended, and the following words added, "~~the person~~ member being given the opportunity to select ~~such~~ such

36 The rule proposed by the Registrar may be approved, with the proviso "provided that a notice is given to the person to select the society in which he ~~wishes~~ wishes to continue as member and his objections and wishes are duly considered by the Registrar before making the requisition" to meet the point raised by the Attorney General.

Ley 25.10.37

(Ley) 25.10.37

37) Ley 26/10/37

Ley 26.10.37

SECOND U... No. 3.1/5

2614/37

Multiple membership of Coop. Societies.

2031

General and Revenue Secretariat — C-5. File No. 11 of 1936. [App. F III—2

Serial No.

35) Draft notification is laid for appl. The draft rule may perhaps be got vetted by Law Section before it is published

This has been done by the Secretary Law Section

Law

36) Draft rule may perhaps be got vetted by Law Section before it is published

28/10/37 Done

37) Law Secretary may scrutinize the draft before issue

28/10/37

38) Draft rule may perhaps be got vetted by Law Section before it is published

29.10.37

134.

Law

41) As I felt some doubt about the scope of the proviso, I discussed the matter yesterday with the Secretary L.S.G. He was pleased to say that the intention was that the member's choice should not be final and that the Registrar should have the final voice in the matter.

The proposed draft seems to be all right

6.11.37

Under Secy Secy to Govt

42) Draft L.S.G 6.11.37

43) Draft

6.11.37

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-9-37

20:1
3556

6 5 File No. 11 of 1936. General and Revenue Secretariat

Do.	The Compiler. Mysore Gazette.	D 3557.	12-11-37

Notifies his draft rule restricting multiple membership in Coop. Societies

Copy to	Registrar of C.S.	D 3558	12-11-37

Gen B file
22/1/38

RECEIVED SECRETARIAT
17/11/37
13 NOV. 1937
DEPARTMENT BRANCH

Letter No 4430 dated 4-1-38 from the President the Bangalore Central Coop Bank Ltd forwarding his objections to the rules submitted with reference for perusal. The receipt of the objection will be awaited till 22/1/38 and the draft rule will be taken up for consideration thereafter

US) Yes. 1/1
7-1-38

Gen B 1/1

6/1/38

Letter No 3822 dated the 5th January 1938 from the Hony Secy The Mysore Cooperative Central Bank forwarding their objections to Rules 33 & 6 B.

Letter No 4235 dated the 4th January 1938 from the Secy Bhadravati Amateur Cooperative Stores Mysore forwarding their opinion about Rule 33 & 6-B

Letter No 307 dated the 6th January 1938 from the Secy Cooperative Federal Union Ltd Mysore forwarding their views on the rules 33 & 6 B

Letter dated 3/1/38 from members of the Official

Serial No.

Class representative, the harmonised Trial will be Considered by the Committee under draft rule 6B.

Letter No 852 dated the 7th January 1938 from the Registrar of Co-operative Societies, Mysore forwarding their Suggestions about draft rule 33 & 6B.

Letter No 417 dated the 8th January 1938 from the Secy. Industrial & Commercial Co-op Society, B'lore forwarding their views on the draft rule 6B

Letter No 615 dated the 10th January 1938 from the Secy. Co-operative Staff Association Ltd forwarding their Suggestions on draft rule 33 and 6B.

Letter No 1381 dated the 11th January 1938 from the Chairman of the B'lore City Co-op Society Ltd forwarding their views on the draft rule 33, 34 & 6B

Letter dated 11-1-38 from Mr. K. Likamalayya Ex Secy. Central Bank furnishing his views on the draft rules 6B & 33

Letter dated 15-1-38 from the Secy. Malleswaram Co-op Bank furnishing their views on the draft rule 33 and 6B

Letter No 146 dated 18/1/38 from the Secy. Pattabhirama Swamy Co-op Society Ltd Mysore forwarding their resolution on the draft rule 6B.

Letter No 512 dated the 8th July 1938 from the Secy. Kanteerava Parameswara Co-operative Society Mysore furnishing their objections to the draft rule 6B & 33

Letter dated 2/1/38 from the Secretary, Lakshmiswara and Nidoli Co-op. Bank Objecting to the rules

NOTE—Contn. Sheet.

WD 0281—GPB—30,003—13-9-37

46)

A statement of objections against the proposal of rule 6-B, is placed below for perusal - The several points noted in the objections are noted hereunder

1) It is against all cooperative principles to compel one to forego the benefit of the different types of societies

2) It is difficult to assist at call or at short notice the dues in the society in which he will not be allowed to continue

3) The smaller societies and the stores societies will be hit hard by the proposal

4) The remedy may be found in making provision in the application, for information about loans & outstandings in other societies

5) There is no risk in the limited liability societies as such the restriction is unwarranted

6) Deprivation of the services of experienced men to the societies

7) The restriction will force one to go to a money lender for large amounts as the one society will not be able to afford the necessary credit

8) Withdrawal of deposits fixed or tariff by those ineligible to continue in the society - will affect the finances of societies

9) Neglect of purely banking societies in preference

Serial No.

to Societis with multiple objects.

10) Vesting the discretion of membership in the Registrar is undesirable as it leads to friction between the Registrar & the Soc

11) Restriction of membership will not enable to fight Capitalism and money lenders

12) It is not desirable to restrict membership for the sake of a few reckless individuals

13) The defect of excessive borrowing may be removed by circulating defaulters' lists by Societis through a federal agency

14) The restriction is disadvantageous to persons saving in different forms of deposits or shares

15) It is not just to remove members in both cases if the notice by the Registrar is not answered within the prescribed period.

16) The most important of the above objections which are worth consideration in connection with the eradication of the evil from multiple membership seem to be 1) the difficulty of adjusting the amounts due to Societis in which a member becomes ineligible to continue 2) the deprivation of the benefit of Stores societies to a member who happens to choose a credit society to continue 3) the disadvantages to which the stores and thrift societis will be put by the proposal. The remedies to avoid excessive borrowing suggested in the Objections

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-8-37

his obtaining information in the abbreviation to know as to the amounts due by other societies and circulating the defaulter's list through a federal agency do not seem to act a proper check as it is possible for the members to avoid the legal difficulty at that particular time by resorting to various methods. The plea of the deputation of the series of experiences men to the Registrar will not hold good since the very object of restricting multiple membership is to avoid people from monopolising the Societies - a President in one, a Secretary in another, a Treasurer in another, a valuator in the fourth and so on. The reasons for accepting the recommendation of the Committee are set forth in Para 14 of the G.O. order 31-7-37. As regards the withdrawal of deposits, it is stated that the fixed deposits are withdrawn only at maturity and it is only some thrift deposits may be withdrawn by members. By this they are not allowed to become members of that Society and such instances may not be very numerous.

Flag S

16) In order to meet the relevant objections and to provide for the convenience of the members and for providing for the existence of stores and industrial societies - which now form a special feature of the Co-operative movement the following draft rule of the is suggested for consideration

"No person being a member of a credit society except or an exclusively stores or industrial society, or

Serial No.

a Land Mortgage Bank or a Central financing institution or a Town building Society shall be a member of any other credit society without the general or special sanction of the Registrar; and where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect;

Provided that a months notice shall be given to the person to select the Society in which he wishes to continue as member and his objections and wishes are duly considered by the Registrar before making the requisition;

Provided that the existing members of more than one such society in which they wish to continue as members, continue their membership in other societies also only for the purpose of discharging their existing transactions during the originally stipulated periods after which they shall automatically cease to be members of those societies; and that such members shall not, during the period of such membership either stand for election or get elected to the Committee of management or other offices of those societies without the general or special sanction of the Registrar. This proviso coming into effect

NOTE—Contn. Sheet.

WD 0234—GPB—30,000—13-8-37

2031 3589 3635 3660 3771
21 3526 3641 3691 3843
3627 3668 3742 6314

– Multiple Membership of Cooperative Societies

61 File No. 11 of 1936

General and Revenue Secretariat

from the date of publication of this rule in the Mysore gazette."

49) It is submitted that the stores society is included as an exception need the objections that they will have to close their doors. The industrial society is included because in the industrial society – like the indigar society or weavers society or silk reeling society etc – wherein only raw materials are expected to be given to the members for making them into finished products and return them to the society for sale. A member of an industrial society will be denied the benefit of ordinary credit society if he is not brought under exception. The second proviso enables the member to continue till the completion of the existing transactions but restricts his membership in the management of societies – an evil sought to be removed. The Registrar is however empowered hereby to give necessary sanction if applied for. Thus the provision while providing the facilities to continue removes the evil attached to it.

Submitted for orders

17/8/38

50) As suggested above the Stores and Industrial Societies may be exempted from the application of this rule. There are some societies whose

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ನಂ 8165 ಅ7·4·38

Retured with compliments.

(5) The Draft Rule proposed by me has been based on the orders of Government in the matter of restricting multiple membership in primary credit societies and as such it does not relate to Stores societies, Industrial societies or other kinds of societies. It is not intended that persons who are members of such societies should be prevented from becoming members of credit societies and vice-versa. Exception has also been provided in the case of Land Mortgage Bank and Societies, House-building societies and Central Financing Institutions which though they are also banking institutions lend for specific purposes which cannot in the ordinary course be granted by ordinary credit societies. No Industrial or purely Stores society grants cash loans to its members and as such, the addition of these two classes of societies to the exception appears to be unnecessary.

There is some difficulty in the case of societies combining Stores work with banking such as the Bangalore City Society, the Basavangud C.S., the Malleswaram C.S., the Mysore City Society, Ltd., etc., but if an exception is made in the case of such institutions, the object of the Rule is likely to be frustrated. In cases of this kind, the person affected should and certainly would prefer the combined institution to the pure credit society,— Or the Registrar may under the discretion proposed to be vested in him permit a person to become a member of such a society in addition

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-8-37

P.T.O.

addition to a credit society on condition that his transactions in the former are confined only to the Stores Section.

(5) Most of the other objections would be met by the discretionary power proposed to be vested in the Registrar who may be trusted to exercise the same properly.

(6) It is possible that the liabilities incurred by a person in the several credit societies of which he is a member at present may not be taken over by one society of which he elects to continue as a member and the result may be the filing of a number of disputes against him by the societies concerned. With a view to avoid such a contingency, it is desirable to empower the Registrar to permit such persons to continue as members of such societies only for the purpose of discharging their obligations to them but not for contracting fresh debts for themselves or for standing as sureties to others or for sitting on the Committees of Management of such societies. For this purpose, the following proviso to the proposed Rule may be added:-

"Provided further that the Registrar may permit persons who are already members of more than one credit society to continue their membership in them only for the purpose of discharging their obligations to them within a period to be fixed by him and not for contracting fresh obligations or for serving on the Committees of Management of such societies"

If this is accepted, the Rule with the proviso will read as follows:-

"No person being a member of a credit society

Serial No.

are not exclusively Store societies but also do some banking work. It does not seem to be proper to declare a member from such a society merely because he is a member of another purely Credit institution. In such case the person must Elect to ~~become~~ continue as a member of the society where both Credit & Stores facilities are available, and give up the purely Credit institution.

51) Some time is necessary for the transition, i.e. for the change over or giving up of the membership of the societies other than the one elected. 3 months time seems ample. Thereafter the member will be borne on the registers of the other societies only as a debtor or defaulter, and will cease to enjoy the other rights & privileges. Especially, no further loan applications should be entertained from him.

52) The argument that by such an artificial delimitation the Credit facilities of members would contract and work immense harm is fallacious. If a person

NOTE—Contn. Sheet.

WD 0284—GPB—60,000—13-8-37

Multiple membership of Co-operative Societies 4314

bf File No. 11 of 1936. | General and Revenue Secretariat

Bank to grant a large amount as loan and provided he can offer sufficient security therefor, he can obtain it from that one institution. The object of the Committee's recommendation would be defeated if individuals could borrow from more than one institution, beyond their repaying capacity, which they do through ignorance, some kind of supervising information regarding prior loans.

(53) The above objections enumerated above can be grouped into two or three heads. They are not very material objections and may be overlooked.

KS
24/3

Secy (SG)

Kindly see 282 pg 37 ante 26.3.1936

(54) Forward with compliments to the Registrar of Co-op Societies unofficially for favour remarks and observations received from authorities.

50
24.3.38.

Office of the Registrar Co-operative Societies
Madras
No.

Sd/- [illegible]
Secy to Govt
SG
25/3/36

16/3/36

Multiple membership of Cooperative Societies

General and Revenue Secretariat | 68 File No. 11 of 1936. | [App. F. III—2

Serial No.

society except a Land Mortgage Bank or a Central Financing Bank or a House-Building Society, shall be a member of any other Credit society, without the general or special sanction of the Registrar; and where a person has become a member of two such credit societies either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect;

Provided that a month's notice shall be given to the person to select the society in which he wishes to continue as member, and his objections and wishes are duly considered by the Registrar before making the requisition.

Provided further that the Registrar may permit persons who are members of more than one credit society to continue their membership in them only for the purpose of discharging their obligations to these Institutions within a period to be fixed by him and not for contracting fresh obligations or for serving on the Committees of Management of such societies."

OND Mi ... 11 APR. 1938 No. 7585

****

Registrar.

L.S.7/4.

The rule as suggested by the Registrar is marked in blue pencil may be applied

9.4.38

(1 member)

9.4.38

12/4/38

12/4

12/4

NOTE—Contn. Sheet.

WD 0234—GPD—30,000—13-8-37

Multiple membership of Co-operative Societies

6314 / 6885 / 7241

File No. 11 of 1936	General and Revenue Secretariat

Draft notification is laid for approval

13/4/38

(b) Reg. (SG)

1(8) 1874

Form 1874

1882 1(8) 1874

No. D 8213 dt 25.4.38 The Complete Govt. Notifies rule restricting multiple membership in Co-operative Societies. 254

No. D 8214 dt 25.4.38 Copy to the Registrar Co-op. Societies.

Letter No 10286 dated the 1st June 1938 from the Registrar of Co-operative Societies requesting in the circumstances mentioned therein to the delegation known to the Asst Registrar to take action under Rule 6(c)

D.O. letter No 752 dated the 22/6/38 from the Registrar of Co-operative Societies requesting early orders on the above proposal

The copy of the notification promulgating rule 6(c) is flagged A in the file. The file refd to by the Registrar in the D. VD are flagged and placed below for perusal

Multiple amendment 4314 J 6885 J 7180 J 7211

General and Revenue Secretariat | 6J File No. 11 of 1936. | [App. F. III—2

Serial No.

OFFICE SECOND MEMBE[R] [COUN]CIL. 11 JULY 1938 No. 76

Draft notification conferring the powers on the Asst Registrars is laid for consideration and orders (Secy LSG) 9/7/38 OJ 9/7

The delegation of powers may be approved from names noted on the reports letter

9.7.38

(1st member)

11/7/38.

12.7.38

Issued 12/7

277 No. D 313 dt 14th July 1938 To the Comptroller Mr. S Confers on the Asst. Registrar Certain Powers

No. D 314 dt 14.7.1938 Copy to the Registrar Co.

GEN. & REVENUE SECRETARIAT DEVELOPMENT BRANCH

GEN. & REVENUE SECRETARIAT 1 - AUG 38 DEVELOPMENT BRANCH

NOTE—Contn. Sheet.

WD 0234—GPB—30,000—13-8-37

D 5497 C.S.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore, 5th January 1937.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

C.S. 11-36-24

GENERAL SECRETARY. 5 JAN. 1937

7 JAN. 1937

DEVELOPMENT BRANCH

To

M. Venkatesa Iyengar, Esq., M.A.,
General Secretary to the Government
of Mysore, Bangalore.

Sir,

I have the honour to invite kind reference to pages 20 and 28 of the Report of the Samaldas Committee recommending that no person should be allowed to be a member of more than one society of the same kind and to Government Order No.D.1140-41/C.S.105-31-31 dated 5th September 1933 directing that further modifications, somewhat on the lines suggested by the Co-operative Institute may be made and to state, that there has been indiscriminate borrowing by members as a result of this healthy rule not being framed. Besides ruining themselves, these members have been responsible for the ruin of some of the societies. It is therefore very necessary that a rule should be framed as recommended by the Committee prohibiting a person who is a member of a credit society from being a member of any other society of the same kind, except a Land Mortgage Bank, a Central Financing Bank, a House-building Society or a Stores Society, without the sanction of the Registrar and that where a person is a member of two such credit societies either or both of them should be bound to remove him from membership upon a written requisition from the Registrar. Such a rule would not only prevent persons from borrowing in more societies than one but also from serving on the Committees of Management of more than one society. It has been observed particularly in Mysore and Bangalore Cities, that multiple membership has enabled some to serve on the Directorate of 2 or more societies, with the result, that they have not been able to discharge their responsible duties properly. Representations have also been made, that Directorship in some societies has become the monopoly of a few. Advantage has also been taken, by some of the Directors to secure votes from the clientele of societies in Municipal and other self-governing bodies. I therefore recommend, that with a view to put an end to these abuses, a rule

P.T.O.

Rule may be framed on the lines recommended by the Committee. If this meets with the approval of Government, a separate reference will be made to Government.

I have the honour to be,
Sir,
Your most obedient servant,

M. S. [illegible]
Registrar. 5/7/37

L.S.5/1.

Appendix F G—1]

SUBJECT .....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193*

Date of issue 2.10.37

Signed by Dr. K. Subbarao

List of enclosures.....

Copied by .....

Examined by.....

Section b.s.

File No. 11-36

Serial No. R

No. B 2799

To

The Registrar b.s.

Sir-

I am directed to invite reference to G.O. No D 1113/b.s. 11-36-144 dated 31-7-37 accepting among others, the recommendation of the Committee on Cooperation in regard to the multiple membership of Cooperative societies, and to request you to kindly forward a suitable draft rule to give effect to the decision.

I have etc

28/9/37

Secy L.A.D.

4/10/37

C.S. 11-36-186

GOVERNMENT OF MYSORE.

9 OCT. 1937

No. 2851 C. S.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

Dated Bangalore, 9th October *1937* .

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H.Krishna Rao,Esq.,M.A.,
Secretary to the Government of Mysore,
Local Self Government Department, Bangalore.

Sir,

As desired in your letter No.D.2799/C.S.11-36 dated 2nd October 1937, I have the honour to forward herewith draft rules under the Mysore Co-operative Societies' Regulation in the matter of restricting multiple membership in Co-operative Societies.

Rule 6 B. " No person, being a member of a credit society, except a Land Mortgage Bank or a Central Financing Bank or a House Building Society, shall be a member of any other credit society without the general or special sanction of the Registrar and ~~that~~ where a person has become a member of two such credit societies, either or both of the societies, shall be - bound to remove him from membership upon a written requisition from the Registrar to that effect."

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.8/10.

Appendix F G—1]

SUBJECT .....

.....

.....

Section 61.

File No. 11-36

Serial No. 201.

Diary No. of letter replied to.....

No. D 3557

General and Revenue Secretariat

( )

the *193* .

Date of issue..... 12-11-37

Signed by Mr P. H. Krishna Rao

List of enclosures.....

Copied by .....

Examined by.....

Notification

Under the powers vested in them by section 44 (2)(d) of the Mysore Cooperative Societies Regulation of 1918, as amended from time to time, the Government of H.H. the Maharaja of Mysore are pleased to publish for general information the following draft rule restricting multiple membership in Cooperative Societies.

Any suggestions or objections to the proposed rule may be sent to the Secy to Govt. Rev. & Dept within two months from the date of publication of this notification in the Mysore ~~Official~~ Gazette after which the draft rule will be taken up for consideration.

Any suggestions received after the due date will not be considered by Govt.

(Here enter the draft of the rule repd

enclosure
to it ~~text~~]

B.O
Form
Secy L&S
28.10.37

To the Controller Stationery Office for publication in Part IV of the Gazette with the request that 25 copies of the same may be sent to this office

Memo D 3558

Copy of the above is forwarded to the Regrets for information with reference to his letter No 2851 dated 9-10-37

B.O
Form
28.10.37
Secy L&S
28.10.37

Draft rule re multiple membership
as finally adopted

No person, being a member of a Credit Society
except a Land Mortgage Bank or a Central Financing
Bank or a Home Building Society shall be a
member of any other credit society without
the general or special sanction of the Registrar
and where a person has become a member
of two such credit societies either or both
of the societies shall be bound to remove
him from membership upon a written
requisition from the Registrar to that effect
to the person to select the society in which
he wishes to continue as member, and his
objections and wishes are duly considered
by the Registrar before making the
requisition."

NOTIFICATION.

No. D. 3557—*C. S.* 11-36-201, *dated Bangalore,*
10—12*th November* 1937.

Under the powers vested in them by Section 44 (2) (d) of the Mysore Co-operative Societies Regulation of 1918, as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to publish for general information the following draft rule restricting multiple membership in Co-operative Societies.

Any suggestions or objections to the proposed rule may be sent to the Secretary to Government, Local Self-Government Department, within two months from the date of publication of this notification in the *Mysore Gazette*, after which the draft rule will be taken up for consideration.

Any suggestions received after the due date will not be considered by Government :—

6-B. "No person being a member of a credit society, except a Land Mortgage Bank or a Central Financing Bank or a House Building Society, shall be a member of any other credit society, without the general or special sanction of the Registrar ; and where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect :

Provided that a month's notice shall be given to the person to select the society in which he wishes to continue as member, and his objections and wishes are duly considered by the Registrar before making the requisition".

By Order,

P. H. KRISHNA RAO,
Secretary to Government,
Local Self-Government Department.

Printed by the Superintendent at the Government Press, Bangalore

CS 11-36-219.

3556.

No. 4430
Encls.

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 4th January *19* 38

From Rajakaryapravina P.G.D'Souza, B.A., B.L.,
Retd. Member of Council
President, Bangalore Central Co-operative Bank, Ltd.,
Bangalore.

To

The Secretary to the Government of Mysore,
Local Self-Government Department,
B A N G A L O R E

Sir,

In response to the notification NO.D.3557 C.S./ 11-36-201 dated 10/12th November 1937 in the Mysore Gazette, inviting suggestions with regard to the proposed Draft Rule restricting multiple membership in Co-operative Societies, I have the honour to state as follows-

The introduction of this Rule seems necessary in the case of all unlimited Co-operative Societies, as it is expedient not to allow one individual member to pledge his unlimited liability in more than one Co-operative Society. But in respect of limited Co-operative Societies, the purpose of the application of the Rule is not very clear and it cannot but be for the purpose of restricting the scope of members to borrow from more than one Credit Society on personal security beyond their means of repayment and thus cause a loss to them.

But this Bank does not lend on personal security of members. It advances loans on security of their paid up assets, Fixed Deposit Receipts, State Loan Bonds or other tangible securities which are not generally open to any risk. Besides, it does not lend to those who are already members of an unlimited Co-operative Society or who do not atleast resign their membership in it. But in the case of a limited society this procedure is not scrupulously observed as no risk for the loan to be made by the Bank is anticipated, and there seems to be no serious inconvenience in permitting a member of a limited Co-operative Society to become a member of this Bank.

p t o

It may kindly be noted that this Bank is — doing the duties of a Land Mortgage Bank, and of a Central Financing Institution dealing with members all over the State, and with Societies whose accounts have not yet been closed. The Rule in question creates a practical difficulty which is explained as below-

If a certain individual who is a member of a limited Credit Society, say in Hassan, which can just cater to his day to day needs, wants to obtain a large loan from this Bank to improve his business or agricultural assets, he is, by the operation of this Rule, debarred from doing so and consequently not only is he put to great hardship but also the business of the Bank suffers.

Besides, if the membership be restricted to one Institution alone, the other Institutions are deprived of the services of capable and disinterested persons, whose number, even in Cities like Bangalore, is often small. To approach the Registrar of Co-operative Societies in such matters for permission is not only a source of trouble and delay but also smacks of some indignity to men of Status and capacity.

It is therefore requested that this Bank may kindly be exempted from the operation of this Rule as the same works prejudicially to its interests on account of its peculiar constitution and working. In any case it would obviously not be possible to give any retrospective effect to the rule

I have the honour to be,
Sir,
Your most obedient servant,

President.

kmr

From

The Honerary Secretary,
Sri Lakshmi Sahaya Nidhi
Co-operative Socity Ltd., Mysore.

Estd. 1908.

35 45

To
The Secretary to Govt.
Local Self-Govt. Dept.
C.S.II-36-220 Bangalore

ಶ್ರೀ ಲಕ್ಷ್ಮೀ ಸಹಾಯನಿಧಿ ಕೋ-ಆಪರೇಟಿವ್ ಸೊಸೈಟಿ ಲಿಮಿಟೆಡ್

No. 93. ದೊಡ್ಡಪೇಟೆ, ಮೈಸೂರು. Date 21st Jan 1938.

Respected Sir,

I have the honour to Send herewith the Copy of the proceedings of the meeting of the Board of Directors held on 28th Dec. 1937 regarding the resolution passed on the Draft Rules No. D. 3557-C.S. II-36-201, Dated Bangalore 10-12th November 1937. Please acknowledge the receipt of the Same & oblige

I beg to remain
Respected Sir
Your most obedient Servant
C.P. Nanjappa.
Hon. Secretary.

Encl. 1.

From

The Honerary Secretary,
Sri Lakshmi Sahaya Nidhi
Co-operative Socity Ltd., Mysore.

Estd. 1908.

To The Secretary to Govt.
Local Self-Govt. Deptt.
Bangalore

ಶ್ರೀ ಲಕ್ಷ್ಮೀ ಸಹಾಯನಿಧಿ ಕೋ-ಆಪರೇಟಿವ್ ಸೊಸೈಟಿ ಲಿಮಿಟೆಡ್

No. ದೊಡ್ಡಪೇಟೆ, ಮೈಸೂರು. Date 2 ನೇ Jan 1938.

ತಾ. 28-12-37 ರಲ್ಲಿ ಕೈಲಿಪ್ಪ ಯವರ್ಲು ಸೊಸೈಟಿಯ ಆಫೀಸಿನಲ್ಲಿ ಸಾಯಂಕಾಲ 7½ ಗಂಟೆ ಯಿಂದ ನಡೆದಿದ ಮೀಟಿಂಗಿನಲ್ಲಿ ಪಾಸು ಮಾಡಿದ್ದ

ಈ ಮೀಟಿಂಗಿನ ನಡವಳಿಕೆಯ ಪುಸ್ತಕದಲ್ಲಿ ಅನ್ಯಾಕ್ರಮಣವನ್ನು ಮುರಾಯಿ ರಂಗಿ ರಲ್ಲಯ್ಯ ನವರು ಬರೆದಿರುತ್ತಾರೆ.

Resolution para No. 6.

ಮೈಸೂರು ಸಿ ಆಫೀಸ್ ಸೂಚನೆ ನಂ. D. 3557 C.S. 11-36-201 ತಾ. 10.11.37 ರಂದು ಬಂದಿರುವ ಸೂಚನೆಯನ್ನು ಕೈಕೊಳ್ಳಲಾಯಿತು.

ಸಾಮಾನ್ಯವಾಗಿ ಸೊಸೈಟಿಯ ಸಭ್ಯರಲ್ಲಿ ಸಣ್ಣ ಮೊತ್ತದ ಸಾಲವನ್ನು ಕೊಡುವುದಾಗಿ ಸೊಸೈಟಿಯ ಬೈಲಾ ಪ್ರಕಾರ ಕೊಡಲ್ಪಟ್ಟಿರುವ ಸಾಲವನ್ನು ಕಂತುಗಳಲ್ಲಿ ತೀರಿಸಲು ಅವಕಾಶವಿರುವುದು. ಆದರೆ ಸಾಲ ತೆಗೆದುಕೊಳ್ಳುವ ಸಮಯದಲ್ಲಿ ಸಾಲವನ್ನು ಹೀಗೆ ತೀರಿಸುವವರು ಇತರರು ಯಾರಾದರೂ ಜಾಮೀನುದಾರರು ಸೊಸೈಟಿಯ ಸಭ್ಯರಲ್ಲಿ ಯಾರಾದರೂ ಇರಬೇಕೆಂಬ ನಿಯಮವಿರುವುದನ್ನು ಮತ್ತು ಅವರಿಂದ ಅಲ್ಲಿ ಇತರರು ಕಡುವ ಸಾಲಗಳ ವಿವರಗಳನ್ನು ತೆಗೆದಿರುವ ನಂತರವೂ ಸಾಲದ ಅಪ್ಲಿಕೇಷನ್ ಫೀಸಾಗಿ ನಮ್ಮ ಬಾರದೆಯ್ಯನವರು ಸಾಲ ಕೊಡುವಲ್ಲಿ ಮೀಟಿಂಗಿನಲ್ಲಿ ರಿಸೀವರ್ ಇಂದ ಸೊಸೈಟಿಯಮತ್ತು ಮೆಂಬರುಗಳಿಗೂ ಅನ್ಯಾಯ ವಾಗಬಾರದು ಎಂಬುದರಿಂದ ಈ ಸಾಲ ಕೊಡುವಿಕೆ ವಿಚಾರದಲ್ಲಿ ಯೋಚಿಸಬೇಕಾಗಿ ತೀರ್ಮಾನಿಸಲ್ಪಟ್ಟಿತು.

"True Copy"
M. Ranjappa
Asst. Secretary.

30X100-26-10-1937 ESTD. 1906

3569

THE MYSORE CO-OPERATIVE SOCIETY, LTD.,

GANDHI SQUARE, MYSORE.

In reply please quote
No. 3822

Dated 5th January 1937

C.S. II-31-221

To

The SECRETARY

to Government, Local Self Government Department,

BANGALORE.

Re: Draft Rules No.33 & 6 B published in the Mysore Gazette dated 8th-9th and 10-12th November 1937.

Sir,

While forwarding the resolution of the Managing Committee regarding the above I have the honor to bring to your kind notice the objections to the adoption of the above noted draft rules.

Thanking you,

I have the honor to be,
Sir,
Your most obedient servant,

HONORARY SECRETARY.

NKS.

P.S. -- M.C.R.VII (5) dated 19-12-1937.

"Resolved this society is in perfect agreement with the resolution of the Federal Union and as such opposes the draft rules of the Government. ******".

30X100-26-10-1937 ESTD. 1906

THE MYSORE CO-OPERATIVE SOCIETY, LTD

GANDHI SQUARE, MYSORE.

In reply please quote
No. .....

Dated 5th January 1937

OBJECTIONS AGAINST THE PROPOSED DRAFT RULE 6 (b) REGARDING MULTIPLE MEMBERSHIP.

1. The chief object of the draft rule appears to be to prevent members from taking loans in more than one Institution, beyond his repaying capacity. If this method is adopted, a member cannot draw loans beyond the limited extent to which he is allowed under the bye-laws of a particular Society though his credit worthiness is greater. In such a case the individual who wants more money will naturally have recourse to private bankers. If on the other hand, this objection is answered by saying that the limit of personal loans and joint loans may be raised to 3 or 4 times the present extent, then there is the great danger of the Society's exhausting all the resources on few individuals as it has happened in rural parts. But instead each society may be directed by the Department to frame necessary bye-laws and subsidiary rules to prevent its members from borrowing from other institutions except with the permission of the concerned society. If this salutary method is adopted members will be prevented from borrowing above their repaying capacity.

2. As it is, the difficulty of finding surety for a joint loan is very great. If a member wants to take Rs.1000/- as at present he could take two joint loans of Rs.500/- in two

P.T.O.

THE MYSORE CO-OPERATIVE SOCIETY, LTD.,

GANDHI SQUARE, MYSORE.

In reply please quote
No. .....

Dated..... 193

societies with two different sureties. But if he is confined to a single society granting that the joint loan limit is enhanced to Rs.1000/- the difficulty in finding the surety will be greater as the risk involved is greater. Hence there is the danger of his being shut out from the benefits of co-operation. In other words we will be forcing him to go to a money lender for help.

3. If is presumed that cheap credit has ruined many members instead of helping them. There may be a few instances here and there of thoughtless borrowing but to generalize from a few such instances is unjust.

4. The practice adopted by the co-operative institutions in Mysore City affords not much chance to members who borrow indiscriminately. Loan applications demand informations from the members regarding their loans in other institutions and outside. In cases where the institutions feel some doubt about his credit worthiness references are made promptly to sister institutions to ~~inform~~ verify the statements made by the member and to know the correct nature of his transactions. The ability of the member to pay instalments regularly, whether in one society or in more than one society is strictly considered. In fact, this forms a most important qualification for getting a loan. Too much of indebtedness or his low paying capacity is invariably led to rejection of his loan application. As Societies them-

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THE MYSORE CO-OPERATIVE SOCIETY, LTD.,

GANDHI SQUARE. MYSORE.

In reply please quote
No. ... ...

Dated 193

themselves have adopted this procedure there is no necessity for a drastic rule of the kind contemplated.

5. If membership is to be limited to an individual society every one would naturally choose a big and comparatively more prosperous society. Hence the deposits in small societies would be withdrawn and many of them may have to be closed actually.

6. If members are asked to choose only one society naturally they would prefer to keep all their deposits whether fixed deposit or thrift deposit in the society wherein they are members and thus many societies are bound to suffer particularly societies with only credit transactions.

7. Credit Societies include both Banking and Stores Societyes. There are different types of credit societies. Viz., purely Banking, purely stores, banking combined with stores and banking with stores dealing with particular commodities. If a man is given the option to choose between the two he would naturally prefer the one with stores. Thus all societies with only banking will be neglected.

8. Each type of society has its own advantages peculiar to itself, not found elsewhere. It is really against every principle of co-operation and thrift to compel a man to ~~forget~~ forfeit the benefits he would derive in different types of societies.

9. Members that have borrowed in more than one society cannot

P.T.O.

THE MYSORE CO-OPERATIVE SOCIETY, LTD.,
GANDHI SQUARE, MYSORE.

In reply please quote
No. ... .

Dated 193

be expected to discharge all their dues in other societies within such a short notice.

10. Further it is not right that an Institution should be deprived of the technical advice and help of experienced workers in the field. If such a rigid rule is enforced, people with such vast experience may not be willing to approach the registrar to ask for permission to be in more than one institution.

11. The Co-operative Enquiry Committee has pointed out the dangers of allowing persons to pledge their un-limited liability in more than one institution. The rule for the restriction of membership to one unlimited liability society is no doubt necessary. But there absolutely no such danger in the case of well managed limited liability societies. The proposed rule therefore is not only undesirable but also inequitable. Instead of bringing into force such a rigid rule it would be better to leave the matter into the hands of invididual societies concerned.

12. What is more, the Society is opposed to thefundamental principal of vesting the power of discretion in an official agency.

REGARDING THE PROPOSED DRAFT RULE No.33.

1. There is difference of opinion on this point in the Co-operative Enquiry Committee. No doubt the Co-operative Enquiry Committee has opined that the number of membership in unlimited liability

P.T.O.

THE MYSORE CO-OPERATIVE SOCIETY, LTD.,

GANDHI SQUARE, MYSORE.

In reply please quote
No. ... ...

Dated 193

Societies should be strictly limited and that it is not very necessary in the cases of limited liability societies, or stores or credit societies or both. As far as Stores Societies are concerned, the Co-operative Enquiry Committee have recommended that there should be no limit regarding membership which we having the credit sales, a stores society fully endorse. The draft rules contemplated above do not make any exceptions regarding Stores Societies.

2. By having larger number of membership it is possible for an Institution to get an expert advice on matters of banking etc., but it would not be possible if an institution should have only a limited number of membership. Such small institutions cannot naturally afford to maintain a well paid and efficient establishment. Whereas institutions with larger number of membership and heavy transactions will have resources to meet expenditure in connection with expert technical advice. Another practical difficulty is that three of the important societies in Mysore are having a membership of nearly 3000 members and a good number of institutions in Bangalore are also having more than 2000 members. The proposed draft rule, therefore would work out great hardship if this rule is enforced as these institutions will have to remove a good number of members from their roll of membership.

3. From the view point of business needless to say that there will be heavy fall and consequently many societies which would

Estd. 1906

THE MYSORE CO-OPERATIVE SOCIETY, LTD.,

GANDHI SQUARE, MYSORE.

In reply please quote
No.

Dated 193

otherwise work efficiently will have to suffer.

4. From the view point of the staff now employed the proposed rule would work great hardship as a consequence of the fall in membership and they would naturally have to be retrenched in the establishment in order to reduce the expenditure which again in unjust and inequitable.

5. This proposed rule, it is most ~~kubly~~ humbly submitted would certainly not solve the difficulty in as much as that no official external agency could possibly appreciate the difficulties of the Institution and therefore fix the exact number of membership considering the needs of the locality or the area in question or the needs of the institution.

6. This Committee, is, therefore of opinion that the restriction of membership, even if found necessary, should be left entirely to the individual institutions concerned and its management.

NKS.

HONORARY SECRETARY.

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Chamardjapuram Co-operative Stores, Limited, Mysore.

IN REPLY PLEASE QUOTE NO. 4235

6.1.1938

Dated 4th January 1938.

C.S. 11-36-224

The Secretary,

Local Self-Government, Bangalore.

Dear Sir,

Draft Rule 33 and 6 (B) under the Co-operative Regulation published in the Gazette dated 11-11-1937 and 18-11-1937 were duly considered by the Managing Committee of the Chamarajapuram Co-operative Stores Limited and the following resolutions were passed thereon, on 2-1-1938

Resolution No. II ( ) regarding Rule 33

" The Stores opposes the draft rule in toto" .

6 (b)

" Similarly the Stores opposed draft rule 6 (B) as published in toto; or suggests an alternative view of exempting this Stores from such operation. In this connection the report prepared by the honorary secretary is approved. The same may be sent to the L.S.G. Secretary." ~~Director.~~

The note of the honorary secretary referred to in the resolution is appended herewith for your information.

I have the honour to be,
sir,
your most obedient servant,

Honorary Secretary

ESTD. 1918

Chamarajapuram Co-operative Stores, Limited, Mysore.

IN REPLY PLEASE QUOTE NO.....

Dated 3rd January 1938.

Note regarding Rule No. 33 and 6 (B) under the Co-operative Regulation.

The draft rule No. 33 is made applicable to all Urban Co-operative societies whether, of producers or Consumers, credit or non-credit, primary or central. Thus it is open for any Registrar, to use his unrestricted or undefined discretion given by this rule, according to his own personal views; and with the best of intentions he may, compell societies to limit or reduce the number of their members to any figure he likes, Such investment of undefined and unlimited powers which may be exercised arbitrarily by the officer for the time being, cuts at the very foundation of the democratic and self-governing character of Co-operative societies. For, admission of members and fixing their number, are matters of detail of administration for each society, and any interference by an outside agency, to impose its opinion in the internal administration of it, is to negative the ideal of Co-operation.

The Chamarajapuram Co-operative Stores is a consumers Co-operative Society working for the past nearly 20 years. It started with the ideal of working with small body of members and worked in that manner for a period of about 9 years restricting its membership to about 500 which it never exceeded. The society did not thrive well as the members were dissatisfied with the kind of service the Society was rendering them. For want

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of sufficient profit, the society could not employ either properly qualified or sufficient number of hands to cope with the work and give satisfaction to the members. Therefore it converted itself in the year 1928 to a multiple purpose society and extended its jurisdiction practically to that half of the Mysore City where the inhabitants are co-operatively minded. Thereafter it has been able to do nearly four times the volume of business it was doing previously. Its membership now is 3,180 and its working capital has been nearly Rs 4,00,000/- Even this number of members is felt to be insufficient to render satisfactory service to the members as it is unable to buy goods in sufficiently large quantities from the first producers or wholesalers. For example, if salt could be bought from the first buyer from the Government, it could be sold one or two seers cheaper per rupee than the retail merchant in the market. But the minimum quantity the original contractor sells is 200 bags. Unless the membership is large enough to consume this quantity of salt within the period of about a month it is not possible to venture to buy it, since the market rate varies frequently. A bag of salt containing 96 seers approximately is consumed on an average by about 40 families a month. Therefore the possibility of buying salt wholesale from the original source arises only when the membership is at least 40 X 200 or 8,000 strong.

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Appreciating these facts our Stores has been following the policy of expansion of its membership and opening Branches at the different parts of the City. It has now got five Branches.

The tendency of consumer's Societies for the past nearly 30 years in Europe, which is most forward in this branch of Co-operation, is the formation of single units of large membership. England which is the birth place of consumer's Co-operation, and occupies a predominant position in it even to-day, has set an example for the rest to follow.

The number of societies are being reduced now by the process of amalgamation. The 1107 Societies of Great Britain and England had a membership of 7,807,942 which gives the average of 7053 members of each society. (Vide Schedule for figures.)

In the book, Economic advance of British Co-operation (1932 edition) we find the following passage:-

" It may be noted that the available statistical evidence suggests that the highest level of efficiency is at present reached by Societies from 10,000 to 20,000 members and the size of the optimum unit is probably increasing."

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British Co-operative Law punishes restriction of admission to membership, or refusal to admit a person from membership, unless he is disqualified. For such restriction leads to the enjoyment by the few, the privileges of the Society, to the exclusion of the rest, and appropriating for themselves the benefit of the previous accumulations and success in business. Such enjoyment encourages selfishness and negatives the ideal of "Each for all and all for each" which is the motto of Consumer's Co-operation.

Taking these circumstances into consideration, the Chandrasekhar Iver Committee has said that there should be no restriction of membership in Stores Society, which is clear from the following passage:-

" There is not the same necessity for limiting the membership in Stores Societies depending mainly on consumer's, nor is it generally feasible in Urban Societies." (page 26).

This Stores which is probably the biggest of its kind in this Province, fully endorses that opinion.

It may be observed here, that the City of London, whose population exceeds by millions, the population of the whole of our State, has been now striving to have but one Stores for the whole of that

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gigantic City. It has succeeded very far in this respect, as its membership has, by the process of amalgamation and additional admission, reached the large figure of 631,464 of members. The biggest City of the world has not the biggest primary Consumer's Society in the world.

There have been six societies in Great Britain whose membership exceeds 100,000 and 19 Societies whose membership is between 50,001 and 100,000, and 55 between 20,001 and 50,000 and 77 between 10,001 and 20,000. Though the membership in 1936 increased by 323,956, the number of societies was reduced by the processof amalgamation from 1112, 1107. The number of Societies have been reduced from 1280 in 1926, to 1107 in 1936.

In the work "Co-operative Ideals and Problem" published in 1937, by the British Co-operative Union, Manchester, the Author who is not merely an ardant Co-operator, but a prominent political worker having risen to the position of a minister of sweden, the country which, next to England, is the most forward in Consumer's Co-operation, has said, that though in the case Reiffeien Society of unlimited liability, restriction of membership and of area of operation is essential, it is unnecessary in the case of Consumer's Society:- He says

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" Large units are necessary to Consumer's Co-operation to allow more sensible ordering not only of distribution, but of local production - - -. In another respect large scale undertakings are to be preferred, other conditions favouring. They are less perturbed by the unexpected, than is the smaller undertaking' (page 75: 1937 edition).

The author is further in favour of not restricting even the area of operation of a Consumer's Society. He says:-

" No such reason exists in the Consumer's movement, for restricting the area of operation of the undertaking. Members assume no financial obligation, for each other. They have neither the right nor reason for interfering with any individual member's manner of managing his private affairs" (page 74 Ibid)

The Author of this Book was for fifteen years the Secretary of the Swedish Co-operative Union, and Wholesale Society, and has been "An active members since the formation" of the "Leading Consumer's Co-operative Society" of Sweden, which is at Stockholm, and of which he has been the President. This Consumer's Society at Stockholm was started in the year 1915 "by an amalgamation of several small societies". "Its first year's membership was 4,461

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and in 1936 it was 80,231 and the annual sales are nearly £ 3,155,000."

There is a section of public who consider that large membership is opposed to Co-operation. But the answer to such sentimentalists, is what we have quoted above, from the work of this author. It is only in Reiffeisen societies that mutual knowledge is necessary, and in other kinds of Societies not only is it that such mutual knowledge is unnecessary but no member of them has got the right to know how the others manage their domestic affairs. There are others who consider that when the membership becomes unwieldy, the democratic character will be lost and the General meetings become unmanageable. Ever for this difficulty, England has found the solution (which has now spread all over Europe) by means of having representative system of General meetings. It may tire one's patience if the system is described in detail now. But the system briefly described is as follows:-

" The area of operation of a Society is divided into wards, and the members of each ward select a fixed number of representatives to attend the General Meeting, and transact business therein in the name of the share holders. But the representatives have got a restriction imposed upon them. The members of the ward meet first in a meeting, wherein all the

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members of the ward have the right to participate and discuss the report and propositions and pass resolution on them. The representatives are obliged sometimes to support and vote on certain resolutions in the manner decided upon, by the ward meetings. Thus the voice of the members will be communicated to the General meeting, though in an indirect manner. Some hold the view that a wholesale society will solve the problem. But until the wholesale society grows bigh enough to produce goods required by the consumers or buy at the source in such large quantities that its proportionate working expenses are so low per rupee that it is negligible, the wholesale society becomes a costly middlemen-society and costlier than the merchant. Therefore until the present societies grow, expand, and attract a body of about 50,000 consumers at least, there is no chance of having a wholesale Society. Hence also primary-stores-societies should have freedom to admit members indefinetely.

Our progressive state which has been the odel State has been distinguishing itself as the model in certain fields of industrial enterprise, and it behoves it to be a model in the domain of Co-operation also. It is therefore requested that its rules and policy be kept abreast with the development of Co-operation in the progressive countries of Europe, instead of perpetuating obsolete and rejected principles

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The Madras Journal of Co-operation, the Indian Co-operative Review and other important Co-operative journals and many Co-operators support the view that membership should be unrestricted. The Triplicane Urban Co-operative Society has now resolved upon, by a resolution of the General Body, to have Representative system of General Meetings in future.

The views that are expressed here with special reference to Consumer's Stores are equally applicable to other Urban Co-operative Societies of limited liability. It is immeterial how many persons become members of a marketing society such as Cotton sale or Paddy sale societies. In fact the greater the number of members of such societies the greater the strength of the Society and the larger are the chances of its controlling the market of that produce.

Also in the case of Peoples Banks or Urban credit societies, there is no need to restrict the membership at all. For there also, in the words of 'Anders Orne' the author mentioned above, a member has "neither right nor reason, for interfering with any individual member's manner of managing his private affairs". For in the case of these Urban Credit Societies, each one is lent money on the security he

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offers on his personal credit, and no individual member is responsible for the loss which the society may incur beyond his share amount. Thus these credit societies have been, from the banking point of view merely, centres where individuals borrow and return according to their credit worthiness. What harm there would arise to a society if it has got clientele of four, five or ten thousand, present or prospective, borrowers, instead of a few hundred or a thousand? On the continent of Europe, for example Italy, the People's Banks have been having members exceeding five or ten thousand. In the Bombay Presidency, where Urban Co-operation is very progressive, societies have three or four thousand members. The Registrar of Punjab has written an article in the last issue of "Bombay quarterly" in appreciation of the activities of the Urban Banks in the Bombay Presidency. These Urban Banks are also mostly of Consumer's in a sense. They pledge their property or credit in the society and barter money from it, just as, by paying cash or on the basis of the credit they possess, they buy the goods they require. Also there is greater advantage to the public if the society should be a big one, and its resources are large. For, it is only then that it can attract deposits at a low rate of interest, lend large sums of money either for business or other purposes at a low rate, and earn large surpluses

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that would not only be sufficient to pay dividend at the proper rate, but pay proper wages to its servants and equip itself efficiently, and also undertake various kinds of work of social service, such as education, sanitation, publication of literature on Co-operation and so forth. Tiny societies of a small number of members and small amount of capital can do none of these things even though every one of their members may know the ins and outs of the private affairs of one and all of the rest in full detail.

As regards the rule No. 6 (B) which prohibits the members from being members of more than one ordinary credit society, this Stores confines itself to touch upon one or two points only.

Now a days, non-credit Co-operation is urged to be undertaken, and multiple purpose society is recommended to be encouraged instead of single purpose societies. This view is entirely in agreement with the current thought in Europe also. Thus the undertaking of the credit branch of service in Consumer's societies is but a step in the proper direction. Also a Co-operative society being as much a centre for keeping the savings of the members as to sell goods, consumer's societies would be failing in the most essential part of their duty, if they did not provide full facilities to their members to keep

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their savings or spare funds in their society. Those accumulated funds must find an outlet and must be utalised for establishing enterprise for production of goods consumed by the members, and to lend for its members. This is how the banking section of the Manchester Co-operative Wholesale Society, Banking section started, whose transactions now exceed £ 800 millions per annum.

Therefore Stores societies should not be construed as ordinary credit societies, simply because they do some banking ~~section~~ business. It may also be observed that the operations of the banking section in most of these societies are not as much as in mere credit societies. Very often the banking section is worked to add to the meagre income of the Stores section to keep the institution going on. Hence it is suggested that Stores societies should be added, on to the list of exceptions, with the additional condition added, if necessary, that the members of the Stores shall not have banking transactions simultaneously both in the Stores as well as in the simple credit society of which they are the members. Otherwise it is considered, that these drastic reforms are going to destroy, more than they build the work of the past 30 years and practically extenguish many societies. Reform, if destructive, is more harmful than the evil sought

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to be eliminated.

There is another aspect of the question which cannot be helped being mentioned. Anything that is done in the name of co-operation should be such that it supports the tenets and ideals of the movement. It is always asserted that the aim of the Government is to gradually divest itself of its authority over the movement, and hand over the management gradually to the non-officials. But what is happening now a days is quite contrary to this laudable ideal. The powers of the Registrar are being extended and the authority of the share holders are being gradually undermined. At present the Registrar has been given power to interfere in the internal working of the society without regard to the will of the General Body in the following respects:-

1. He may remove a member of the committee
2. He may suspend the whole committee and take the administration to his own charge

Now, the new rule if passed, gives him the power to decide which person shall be com on member of more than one society, and which of them shall not. Thirdly, he has got the right not only to remove a member from the membership of one of them but also drive him out of the Co-operative

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movement altogether, by expelling him from all societies. Again the right of the General Body and the Committee to admit as many of the people, and whomever they want, to membership is being taken away. This does not seem to be the kind ofpolicy that encourages private individuals to build up the movement and make sacrifices for it.

There is another objection to the restriction of the right of societies to expand as they like. Government introduced Co-operation to save the agriculturists, artizans and generally the public from the havocs of usury of capitalists and fraud of middlemen. Thus it was started to fight capitalism and was recognized to be a potent force to fight it successfully. The Government is expected to follow a policy which will strengthen the movement of Co-operation to fight capitalism in allmost all the fields it is serving now. Capitalism has been given the fullest liberty to establish its business in any form and to any extent, without any restriction whatsoever as regards, the extent of its capital, area of operation, number of customers and range of business. If Co-operation has to compete with it successfully and establish itself in its place, the liberties of the societies to expand and occupy the field step by step should

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never been ~~tantained~~ curtailed. The strife between Co-operation and Capitalism is now very unequal, since capitalism on the one hand with the strength it has gained during all the past ages, and on the other, with the adoption of certain modern methods of large scale business, is too big an opponent to be combated successfully by Co-operation unless its strength is equally big if not bigger.

It is therefore the duty of the Government to provide Co-operation with greater facilities than capitalism possesses, instead of taking away even the rights it now enjoys and freedom it now possesses.

The Chamarajapuram Co-operative Stores opposes therefore Rule 33 altogether, and opines that if Rule 6 (B) is necessary to be passed at all, then, an exception be made in the case of consumer's stores doing banking business, by permitting their members to become members of a Co-operative credit Society, imposing if necessary a condition that he shall not have a cash loan owing to both of them simultaneously.

--G. Srinivasaraja
Hony.
4-1-38

GBI.

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Schedule showing the number of members in the following societies:-

Name of the Society	No of Members
London	631,464
oyal Arsenal	361,614
irmingham	206,540
outh Suburban	163,442
Leeds	118,478
Liverpool	113,943

GRI.

4-1-38.

The Co-operative Federal Union Ltd., Mysore.

(Regd. No 422 A.R.M. Dated 10-1-34)

IN REPLAY PLEASE QUOTE NO. 367 Ins.3.

3627

Mysore.

Dated 6th January 1938

C.5.11-36-223

The Secretary to the Government of Mysore,

Local Self Government Department,

Bangalore.

SECY LOCAL SELF GOVT GOVT OF MYSORE 8 JAN 1938

Dear Sir,

The General Meeting of the Co-operative Federal Union of Mysore which met on 5-12-1937 has passed the resolutions appended herewith in a seperate sheet, not agreeing to the proposed rules 33 & 6 (B)

The General Body also appointed Sub-Committees to draw up short reports to convey their opinion as to why they opposed the proposed rules. The two reports of the two Sub-Committees are appended also herewith. Please acknowledge the receipt of them and oblige.

I beg to remain,
s i r,
Your most obedient servant,

Honorary Secretary

GRI.

Resolution passed in the annual General Meeting of the Co-operative Federal Union, Mysore on 5th December 1937.

- - -

X To consider Rule 33 published in the Mysore Gazette dated 11th November 1937.

" This meeting is of opinion that there is no necessity to fix a limit for membership in Urban Societies as suggested by the draft rule.

This was carried by a majority, 8 votes for the draft rule and 15 voting against.

Messrs L.A.Doraswamy Iyengar, V. Sreenivasiah Kanaiyanthi Rao are appointed members of a Sub-committee to draft a memorandum giving the reasons for this resolution."

To consider Rule 8 (B) published in the Mysore Gazette dated 18th November 1937.

" This meeting is of opinion that the draft rule is not acceptable. Messrs T.S.Rajagopala Iyengar T. Sreenivasa Murthy and L.A.Doraswami Iyengar are appointed members of a Sub-Committee to draft a memorandum giving the reasons for the resolution."

(Sd) A. Krishna Rao
President 5-12-1937.

" True Copy"

Honorary Secretary

GBI.

6-1-38

THE CO-OPERATIVE FEDERAL UNION LTD., MYSORE.

A note on Draft Rule 33

I Mutual interest and personal touch are not fundamental requisites for Co-operation; but are only the requisites of the special class of Primary Credit Societies of unlimited liability formed to serve agriculturists only.

a) Co-operation is neither a club nor partnership, but an equitable substitute for capitalism,

b) Personal touch serves no purpose in Consumer's or Producer's Co-operation nor in People's Urban Banks of limited liability which are a species of Consumer's Co-operation.

c) Except in small villages no where is it possible for people to know each other. In towns people are often ignorant of even their neighbours though living there for years together. It is difficult to judge whether members know each other or not. Also, have they to try to know the rest after admission or prior to admission? If the latter how to ascertain it? If the ~~latter~~ former supposing after admission the member does not care to know the rest of the members what to do with him?

d) If mutual knowledge be fundamental in Co-operation then is it not a violation of principle to deal with non-members and receive deposits from them or sell goods to them in Stores Societies?

e) Modern Co-operation of Consumer's and of others who are not agriculturists has rejected this idea and is now adopting the new policy of building up Primary Societies of a large body of members and huge working capital, as it only when the resources are large that service to members can be satisfactory and efficient.

II a) If the objection to large scale societies is on the ground that Societies of a large body of members tend to weaken democratic spirit, and practically surrender their powers to a few prominent workers, the answer to it is ready. Introduce the system of Representative Assembly between the General Body and the Share holders. A detailed description of the system is to be found in Sydney and Beatrice Webbs "Consumer's Co-operation in Great Britain."

b) As no General Body can be in office all the 365 days in the year whether the membership of the Society is 100 or 5,000, democratic control in the sense of administration by direct democracy is impossible. The democratic control therefore consists not in actual participation of the members in the day to day affairs of the Society, but only in laying out policy and controlling and supervising the work of the Executive whom it elects by the exercise of vote at the rate of one vote for each member. Therefore supervision and checking becomes a matter for experts in the higher grades of Co-operation and it is only a few that really interest themselves in such affairs, the rest being

silent spectators and voters in support of the opinion of those who are their leaders. Thus it is the few leaders who really guide the business and as a gathering of such leaders elected in, ward meetings, as described by the "Webbs" will be the gathering of selected representatives, the quality or efficacy of the discussion does not suffer on account of the absence of the whole body of ~~shareholders~~ share holders; It is within the experience of most that not even 30 people attend a General Meeting, especially adjourned meeting even though the number of members of the Society be two or Three thousands.

c) It is bigger societies where elections are elaborately arranged and hotly contested that afford immense scope to teach the value of vote and serve as centres of democratic education. Success of democratic organizations and their healthy working depend upon public opinion. How could there be any effective public opinion, when there is not a big body ~~body~~ of share holders to form the effective public?

III a) Efficiency is promoted rather than impaired by growth of membership. For no Society can ever be called unwieldy if it is allowed freedom to develop and ~~have the Constitution of organisation~~ that naturally evolves from its business activities.

b) The bigger societies in the State hold the palm for efficiency and merit.

c) Bigger Societies can obtain economies due to large scale business. They can employ experts,

pay them properly and attract talent. They can command greater resources, attract larger deposits and build bigger funds. The can undertake welfare work and fulfil which is an essential object of Co-operation.

d) In the West where the movement of Co-operation is proceeding towards International Organisation of Co-operators, and the whole sale organization are national in size, the primaries are allowed complete freedom to develop to any dimension they like.

e) Petty Societies cannot successfully compete with private money lenders or traders; much less can they ~~can~~ compete with giant business.

f) Petty Societies cannot evoke real Co-operative enthusiasm or fight against capitalism or communism.

IV a) No need exists now for this reform. It is based upon the belief that the purpose of Co-operation will be defeated if the societies become unwieldy. What is useful for villages societies cannot be imposed upon the other classes of societies.

b) By the enforcement of this rule, the big societies dwindle into smaller dimensions and will be broken up. Co-operation in Urban areas, will receive a set back in all its branches.

c) This rule empowers the Registrar to sit in judgment about the requirements as regards the number of members

for each Society. Such ample power which is undefined, as it is, probably felt to be indefinable, allows opportunities to the Registrar to put his hand into the inner working of each society. This rule and the other one proposed to be passed as 6 (3) together will give such large powers to the Registrar that people are led to believe that these are but the beginings of a policy of strengthening still more the very strong hand of the officials of the Government.

d) After all, the benefit that either the members, or the public, or the society would derive by such a policy is little or nothing. It seems to be the better policy to leave the good as it is.

Yours truly,

GRI.

Honorary Secretary

6-1-38

OBJECTIONS AGAINST THE PROPOSED DRAFT RUIE 6 - B.

Re: Multiple Membership.

1. A consideration of the conditions of cooperative societies in Mysore City reveals several reasons why people have become members of various societies. In the first place, it is to enjoy the different privileges granted by different cooperative institutions. A person becomes a member of one society to borrow, of another society to buy provisions and of still another society to buy cloth and other articles.

2. But if a member resorts to all the societies for loans, the reason has to be found in the existing system of granting loans. At present the maximum loan that can be obtained by a member in a single institution is limited to Rs.100/-on personal security and Rs.500 on the joint security of another member. As this amount is inadequate to meet the demands of a member whose credit worthiness is greater, he turns to other institutions to supplement it.

3. No doubt this difficulty may be overcome by raising the limit of personal loans to about Rs.300 and joint loans to Rs.1500 or Rs.2000. But there is the great danger of societies exhausting all their resources on a few individuals, as it has happened in rural parts. Further one or two cases of failures may ruin a small institution or heavy default may bring the work of a society to a standstill.

4. Moreover cooperative societies grant loans above Rs.100 only on the security of another member. As it is, the difficulty of finding sureties is very great. And if he is confined to one institution, he might find it almost impossible to find a surety. Hence there is a danger of his being shut out from the benifits of cooperation and being forced to go to a money-lender for help. What is more, it would be impossible for members to find persons who would be willing to stand sureties for such big sums as Rs.1500 or Rs.2000; whereas it would be quite convenient to find two or three members who would stand

surety for small sums like Rs.500 in two or three institutions.

5. However, just fears are raised in the minds of some people regarding the misuse of such a privilege. It is believed that cheap credit has ruined members instead of helping them. There may be found a few instances here and there of reckless borrowing. But it would be unjust to generalise from a few instances; for till now no society has either complained or felt the danger to any appreciable extent.

6. Much light would be thrown on the subject if an investigation is made into the cases of those members who borrow from more than one institution. Only members whose credit worthiness is great and approved have a chance to borrow from various societies. They not only borrow from all societies, but also pay regularly. Instances of members who have caused losses to several ~~institutions~~ institutions ~~is~~ are negligible.

7. The practice adopted by cooperative societies in Mysore City affords very little chance to members to borrow recklessly. Loan applications demand information from the members regarding their loans in other institutions. References are also made to the sister institutions to verify the statements made by a member and to ascertain the nature of his transactions. These statements are scrutinized first by the secretary and then by the Directors. The ability of the member to pay the instalments regularly is strictly considered and it is the most important qualification for getting a loan. Too much of indebtedness on the part of a member has invariably led to rejection of his application. As societies themselves have adopted this procedure, there is no necessity for a drastic rule of the kind contemplated.

8. There is however a fear that members may not disclose their indebtedness correctly. Such cases are only few and can easily be found out and put an end to. As already pointed out cooperative societies get information directly from societies.

The Federal Union in Mysore circulates the list of defaulters among its constituent societies, by which it is possible to find out all the details about a member's transactions. If in spite of these, members are found to suppress information, such cases may be dealt with severely in order to make them examples to others.

9. Co-operative societies demand payment of loans in easy instalments. They do not allow cases of default to go on for a longer time than three or four months. So members are forced to be provident. They clear the loan steadily, though slowly. Moreover members regard loans in cooperative societies as loans of honour, and have never tried to deceive them.

10. Cooperation has certainly conferred a boon upon the middle class people and has saved them from the clutches of the money-lenders. It is no argument to say that all the credit facilities in these institutions have been monopolised by the upper middle class and that the lower middle class and poor people are not at all helped by these societies. For it should be remembered that the upper middle class people are also as much in need of help as others. And if necessary separate societies may be opened for the exclusive benefit of the lower middle class and poor people, as it is done in some western countries.

11. It may be pointed out that this privilege is enjoyed only by people who live in cities like Mysore and Bangalore and a question might be asked whether people are not happy in places where there is only one cooperative society working. The reply is quite simple: after all this is also one of the many advantages of life in a city and there is no reason why members should be denied this benefit, merely because similar benefits are not enjoyed by people living in other places. For the sake of a few improvident men, it would be a cruelty to penalise all the thrifty and honest men, who have been deriving great benefits from cooperation.

12. If membership has to be confined to a single institution, every one would choose a big society. Hence the deposits in small societies would be withdrawn and many of them would have to close down actually. This rule together with the rule fixing a limit for the number of members in a society would have adverse effect upon many societies. Of course it may be said that many societies which are not functioning properly deserve to go. But there are many societies which are working very well on true cooperative lines and they would be harmed to a very great extent by such a rule as this. Along with the societies the depositors would have to suffer. And so there is the danger of cooperative societies losing the confidence of the public and the credit they have built up after long years of toil and good work.

13. This rule appears to have been framed mainly from the point of view of the borrowers and that too of a small class of reckless borrowers. It has left out of consideration the whole class of depositors and a large class of members who are not borrowers. Though cooperation is for poor men who need money for honest purposes, it should be recognized that its main stay is this class of depositors and non-borrowers. The progress of cooperation in the city owes much to such people. It would be unwise to lose the services of such selfless workers and thus to throw the societies into very great danger. It would also be painful to such members to sever their connections from societies with the development of which they have intimately associated themselves for such a long time.

14. The Registrar of course is given the right to permit some members to remain in more societies than one. But we wonder whether the depositors and selfless workers who are not borrowers or even the borrowers would apply for such exemptions. The ignorance and timidity of our members is so great that they would much rather suffer the difficulties and turn to a money lender for aid than go and convince the Registrar about their ability

to be members of more institutions and get exemptions. The class of selfless workers of course would keep quiet without having to undergo the ordeal of getting their claims to multiple membership recognized by the Registrar. There is therefore no doubt that such a rule would cause very great danger to the progress of cooperation in general.

15. The Cooperative Enquiry Committee has pointed out the dangers of allowing persons to pledge their umlimited liability in more than one institution. A rule for the restriction of membership to one unlimited liability society is undoubtedly necessary. But there is no such danger in the case of well managed limited liability societies.

16. So in our opinion such a rule is bound to endanger the cause of cooperation in the city by destroying many societies and by driving many poor and honest men once again into the clutches of money lenders. Instead of bringing to force such a rule it would be better to ~~have~~ leave the matter into the hands of individual societies or of a Federal agency.

Copy
of our analysis
for fy
6-1-38

3641.

SRI.KRISHNARAJENDRA CO-CPERATIVE SOCIETY,LTD.,MYSORE.

854
Encl:- Four sheets.

C.S.11-36-225.

M y s o r e.
Dated 7-1-1938.

From

The Honorary Secretary,
Sri Krishnarajendra Co-operative Society,Ltd.,
M Y S O R E.

To

The Secretary to Government,
Local Self-Government Department,
B A N G A L O R E.

Sir,

Ref: Notification No. D. 3455-C.S. 11-36-200, dated Bangalore, the 8-9th. Nov. 1937, Re: Draft Rule No,33. and No. D. 3557-C.S. 11-36-201, dated Bangalore, 10-12th. Nov!37, Re: Draft Rule No. 6-B.

****

I have the honour to enclose herewith a copy of the objections and suggestions formulated by the Managing Committee of this Society with reference to the above Notifications.

I have the honour to be,
Sir,
Your most obedient servant,

M.S. Ramaswamy
VICE PRESIDENT.

MN.

OBJECTIONS AGAINST THE PROPOSED DRAFT RULE 33.

The Co-operative Enquiry Committee has opined that the number of membership should be limited in the case of unlimited liability societies and they are of opinion that it is not very necessary in the case of limited liability societies. The proposed draft rule would be made applicable to all urban societies, whether limited or unlimited or stores or credit or both. As far as stores societies are concerned the Co-operative Enquiry Committee has recommended that there should be no limit regarding membership.

2. The draft rule contemplated above does not make any exceptions regarding stores societies.

3. The object of the proposed rule seems to be to prevent unweildy membership in the case of Urban societies and to give greater facility to members of such institutions by limiting the number of membership and vesting that discretion of fixing the maximum number with the Registrar of Co-operartive Societies. It is submitted that it would not solve the difficulty, in as much as that in the first place no official external agency could possibly appreciate the difficulties of institutions and therefore fix the exact number of membership considering the needs of the locality or the area in question.

4. Again by having larger number of membership it would be possible for one institution to get technical and expert advice in matter of banking etc. But it would not be possible if an institution should have only a limited number of membership and therefore a comparitively smaller turn-over. Such small institutions cannot afford, inaturally, to maintain

maintain well-paid and efficient staff, whereas institutions with larger number of membership and heavy transactions will have the necessary resources to meet the necessary expenditure in connection with the expert and technical advice.

5. As a matter of practical difficulty it may be pointed out that four of the important societies in the city of mysore are having a membership of above two thousand, and a good enough number of institutions in Bangalore are also having more than two thousand and the proposed rule should, threfore, work grave hardship, as these institutions will have to remove large number of members from their roll of membership.

6. From the point of view of transactions or business, there will be a heavy fall and consequently those institutions which are now working efficiently will have to suffer or come to grief. In t is country banking sense and business habits among citizens are just developing and that only through urban co-operative societies like the ones referred to above. If the proposed draft rule is enforced the little business sense and banking habits which the people have been developing will also fall or cease.

7. The proposed draft rule would mean great hardship. For, as a consequence of the fall of membership, there will have to be retrenchment in the establishment in order to reduce the expenditure.

8. Hence we are of opinion that the proposed draft rule No. 33 is not the proper specific to remedy the evil contemplated above.

9. This committee, is therefore, of opinion that the restriction of membership, even if found necessary, should be left entirely to the discretion of each individual institution and its management as may be deemed fit, from time to time.

OBJECTIONS AGAINST DRAFT RULE NO. 6-B.

This rule and the proposed rule No. 33 are, in our opinion, interdependent. We, therefore, recommend that this rule also be opposed for the following reasons:-

The chief object of the draft rule appears to be the prevention of a member from borrowing in more than one institution beyond his repaying capacity. The proposed draft rule in no way eradicates the evil, but on the other hand would lead to further hardship.

To rememddy the evil pointed out above, it is necessary and perhaps salutory also that each society should be directed by the department to frame necessary bye-laws abd subsidiary rules preventing its members from borrowing in other institutions except with the permission of the concerned society in order to prevent the member from borrowing beyond his repaying capacity. Thus we can achieve the desired object of preventing indiscriminate borrowing on the part of the members while at the same time it would facilitate members who have sufficient repaying capacity to borrow in more than one institutions in order to meet their demands.

Among various other difficulties to the members by the enforcement of this draft rule a few may be noted here.

Credit societies include both banking and stores societies There are different types of credit societies, viz, purely banking, purely stores, banking combined with stores, and banking combined with stores dealing with particular commodoties. Each type of society has its own advantages peculiar to itself, not found elsewhere. It is against co-operative principles and thrift to compel a man to forego the benefit he would derive from his membership in different types of societies.

Members who have borrowed in more than one society cannot be expected to adjust all their dues in other societies at a

at a short notice.

The proposed rule would further operate as a disadvantage to non-borrowing sections who have been benefited by saving in the form of various deposits and shares.

Hardships arising out of enforcing the draft rule to the institutions are as follows:-

Smaller societies would suffer by the loss of membership and deposit as there is a tendency for common members to continute thier membership in a more flourishing institution in preference to a smaller one and withdrawing deposits from smaller institutions and deposit in some bigger ones.

If in any locality a particular institution should offer all the advantages or facilities both banking and stores, other institutions in the locality which cannot offer similar facilities would necessarily suffer and the institution offering all the advantages will naturally become too unweildy.

Thus the proposed draft rule would hamper the harmonious growth of many necessary institutions.

Further it is not fair that the institution should lose the technical davice and help of experienced workers in the field of multiple membership should be prevented. Nor is it fair that really capable men should be compelled to approach the Registrar to enable them to give their advice in more than one institution.

We are opposed to the fundamental principle of vesting the power of discretion in an official agency.

The draft rule states that if one member does not answer within the period fixed by the notice he will lose his membership in both the societies. This we suggest is not just and is hardly fair.

The proposed draft rule is not only undesirable but also impracticable.

NV. "Copy"

M. S. Ramaswamy
Vice-President.

THE

Industrial and Commercial Co-operative Society, Limited,

5-8, NEW MARKET.

No. ..... Bangalore City, 8th Jan 1938.

Extract from the Proceedings of the
Annual General Meeting of the Industrial & Commercial Co-operative Society Ltd., Bangalore City held on
21st November , 1937.

"The Chairman then brought to the notice of the General Body, the notification in the Gazette regarding 'Restriction on Multiple Membership in Co-operative Institutions' to elicit the opinion of the House. He explained that this Society would be seriously affected by the above restriction as a very large member of members including those who have been serving in its Committee were also members of other Societies; That if this rule now proposed was enforced, there would be a large fall in the membership and in its business and that in its ~~perfect~~ present we position, it could ill-afford to meet such a situation."

"The General Body was unanimously of the opinion that the Government may be requested not to bring in this restriction on Membership in Societies and in any case that this Society which deals purely with clothing, may be exempted from the operation of the rule."

"TRUE EXTRACT."

M G Srinivasan 8.1.38
HONORARY SECRETARY.

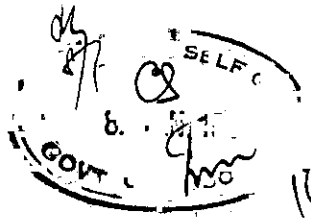
C.S. 11-36-226 3648

THE

Industrial and Commercial Co-operative Society, Limited,

5-8, NEW MARKET.

No. 417. Bangalore City, 8th. Jan 1938.



To,

The Secretary,
Local Self-government Department,
Public Offices, Bangalore.

Sir,

I am desired to state that the Government Notification No. D.3557/CS, 11-36-201 appearing in the Mysore Gazette dated 18th November 1937, restricting "Multiple Membership in Co-operative Institutions" was considered by the General Body of the above Society at its annual meeting held on 21-11-37 and also by the Committee of Management at its meeting held on 16-12-37. An extract from the proceedings at the above general meeting in this matter is enclosed for kind perusal.

The restriction proposed will affect the interests of the Societies particularly when it is made applicable to the existing members. This Society is a peculiar one and deals with only clothing and is calculated to improve Industry and Commerce. The value of shares held by the Members of this Society is very limited (Rs.20/- to Rs.30/-), and the credit allowed is only twice the paid up shares capital. Almost all the members of this Society are Members elsewhere and when Membership is limited to only one Society, all of them will naturally prefer other Societies which deal with provisions and afford Banking facilities in addition to clothing. The rule would, therefore, probably mean a death blow to our Society which has been in existence for over 25 years and has become very well known.

I am therefore to request, that the restriction proposed need not be enforced in the interests of the Societies (at least in respect of the existing members) and in any case this Society may be exempted from the operation of the said rule.

Thanking you in anticipation.

I have the honour to be,

Sir,

Your most obedient servant,

M.G. Srinivasa Rao
8.1.38

HONORARY SECRETARY.

3660

The Co-operative Staff Association, Ltd.,

ESTD. 1935.
Reg. No. 432/A.R.M.

C.S.A./-36-228.

In Reply Please Quote No. 615

MYSORE,

Dated 10th Jan. 1938

To,

The Secretary,
Local Self Government Department,
Bangalore.

Sir,

Ref:- Objections to Draft Rule No.33 and 6-B published in Mysore Gazette dated 11-11-37 and 18-11-1937 respectively.

I have the honor forward herewith a copy of the resolution ~~of~~ passed by the members of the Association for your kind perusal and reference.

I have the honor to be,

Sir,

Your most obedient servant,

H.S. Srinivasachar

Hon. Secretary.

Encl:-One.

DRAFT RULE NO.33.

This Association is of opinion that there should be no restriction of membership of any credit co-operative society.

The membership of Urban Credit Co-operative Societies, at present, does not seem to be unwieldy. We are not aware of an instance where the privileges of the members are restricted or their wants not fulfilled. At present the General Body of particular societies are fixing the limit after due consideration which will be approved by the Registrar as per rules. This is healthier than the one that is now suggested, and the direct intervention of an outside authority will be detrimental to the proper working of the institution. As per the proposed rule, if the membership of big urban credit co-operative societies, whose membership is more than 2,000, are asked to reduce their membership, the business of those institutions will suddenly go down. Such decrease in business in primary co-operative institutions, will reflect upon similar institutions also.

The working capital of urban credit co-operative societies consists of share amount, deposits from members and non-members. As such they are not financed by any Central Co-operative Institutions. The power of attracting deposits depends upon the goodwill of the institutions.

When the membership was small most of the deposits were owned mostly by non-members though the lending operations were confined to members only. Since the membership has increased, deposits are mostly owned

by members

members, which is a healthy sign and the profits go to members only.

The working of this draft rule may cause the existence of a number of independant co-operative institutions. Either they must be controlled by Federal Bank or there must be one instition with a number of branches. This ensures greater financial stability to the institutions and will be able to create Banking habit in those areas.

Since the administration of urban co-operative societies are efficient, such restriction of membership is not in the interest of those institutions. The larger the institution, the proportionate cost of the administration will be considerably reduced. And those institutions can afford to appoint trained staff and maintain greater efficiency.

RULE NO.6-B.

In Mysore City several institutions of different types of busines are in existence. A person being a member of one or more institutions will be able to derive the benefitsof doing different kinds of business in those institutuions. Unless all these institutions are similar in their operations, or unless a single institution satisfies all the moderate requirements of a member entirely, this rule will work against the interests of the members.

Hence this Association is of opinion that there should be no restriction of a person being a member in more than one society.

H.S. Srinivasachar

Hon. Secretary.

3635

C.S. 11-36-227

To

The Secretary to Government,

Local Self Government Department,

Bangalore.

Sir,

Referring to Notification of Legislative Measures and Rules thereunder regarding restriction of membership in more than one Co-operative Society No.D 3557-C.S.11-36-201 dated 10/12-11-37 published in the Mysore Gazette dated 18-11-37 inviting objections and suggestions, if any, from the public in the matter of restricting persons from becoming members of more than one Co-Operative credit Society, we the undersigned most respectfully request you to kindly place the following facts before Government for their kind consideration before passing final orders in the matter.

We the undersigned belong to the official class getting small salaries and most of us have become members of more than one Co-Operative credit institution since very long. The establishment of these co-operative institutions was really a God-send to us especially to many of us who are getting low salaries, and but for the help rendered to us by these co-operative institutions by granting loans on a long term basis and at a low rate of interest for celebration of marriages, medical charges during child birth, etc., our positions would have been very difficult. The object in our becoming members of more than one co-operative institution was not at all to get ourselves indebted to them un -

necessarily. We may also state in this connection that in spite of our becoming members of more than one society, we have continued to be very regular members without any default whatsoever. Our humble submission is that stray cases of default on the part of habitual defaulters should not be taken to prejudice the interests of honest and regular members. The idea now taken by Government to restrict persons from becoming members of more than one co-operative credit society has come as a thunder bolt to us, and it would be causing very severe hardship on us if this proposed rule is rigidly enforced by way of Law without at least some modifications. We therefore earnestly appeal to you to kindly place the following suggestions for the kind considerations of Government.

(1) That a person be allowed to continue to be member of at least two co-operative credit societies if not more;

(2) That sufficient time be allowed for him to cease to be a member of other societies except any two as mentioned in clause (1). At the time of granting loans sufficient precautions - such as the liabilities in other institutions may be taken and thus taking care to see that a member does not contract loans beyond his means.

(3) That Government should help by granting loans to its servants at a low rate of interest for satisfying the condition laid down in clause (2).

It may be mentioned in this connection that most of us have contracted loans of big amounts payable in hundred

to two hundred instalments for celebration of marriages and such other allied objects, and for running big families in such a costly place like Bangalore, and it would hit us very hard if we are, all on a sudden, required to discharge these big loans in a lump and thus cease to be a member of that society. Government will therefore be doing a very benevolant duty in guarding the interests of its servants by granting loans to discharge such big loans raised in other co-operative societies. The loans to be thus granted may be somewhat on similar conditions on which the House Building and other advances are granted to its servants, and it is left to Government to fix the amounts etc. to be thus granted taking into consideration the salaries of persons. Mysore State Life Insurances Policies may be required to be kept as security in all cases where such loans are granted. If this benefit is not graciously given by Government and the amended rule restricting membership is strictly enforced, the good intentions of Government to relieve the middle class people from indebtedness may have a contrary effect of driving them to private loans, and thus create a further deeper atmosphere of indebtedness for them. The new rule proposed to be introduced will result in sudden collapse of the financial conditions of many of its servants, and create a crisis in money market, also endagering not only the credit facilities now available in the market but also undermine the foundations of several co-operative societies.

We therefore once again respectfully request you, Sir, to kindly move Government to show as much relief as

possible in the above matter and safeguard the interest of its servants of the middle class, who with great difficulty make both ends meet in their daily life.

Thanking you in advance,

We beg to remain,

Sir,

Your most obedient servants,

Bangalore,

Dated 3rd ~~Jany~~ 1938.

C. B. Gundu Rao 6/1/38

P. Simhadrayya 6-1-38

A. Venkoba Char 7-1-38

S. Nimmabhupala Sastry

H. Adiseshappa

T. Subbaiah

Venkatarayappa

T. Narasimhaiah

Y. Narasaraju

Y. Venkatanarayana Rao. 7.1.38.

T. Krishna Moorthy Rao.

S. Narayana Rao.

R. Subramanian.

E. Sreenivasachar

to S. Venu Madhava Rao

S. Venkata Ranga Rao

T. [illegible]

M. A. Narasimhachar

M. Sankara Ramiah 6/1/38

H. P. Ramaswamy

K. Sundara Rao

B. V. Venkata Ramiah

C. N. Ramaswamy.

K. Ramaswamy

R. Gopalakrishnan

S. Govinda Rao

T. S. Kulkarni

Y. Varadacharyulu Rao

K. Narasimha Rao

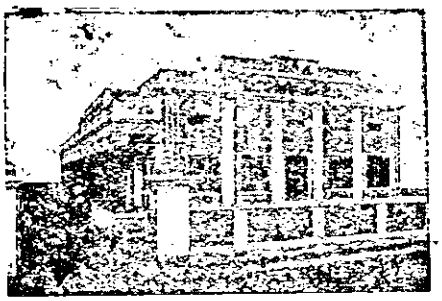
Y. Sangameswaraiah

B. S. Ramakrishna Rao

(5)

V. Arogyaswamy
Dhanvantari
J. R. Sreenivasalu

CS-11-36-230



(ESTABLISHED 1905)

The Bangalore City Co-operative Society, Ltd.

NEW THARAGUPET, CHAMARAJAPET, BANGALORE CITY

NO. 1381 DATED 11th January 1938.

SECY LOCAL SELF G'VT 12 JAN GOVT OF MYSORE

3697/D

To

The Secretary to Government,
Local Self-Government Department,
BANGALORE.

Sir,

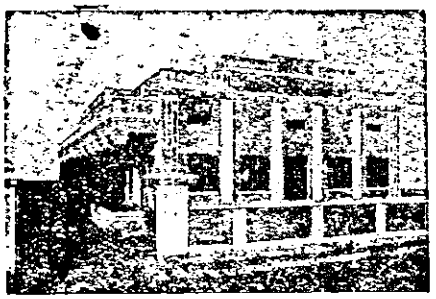
The members of the Managing Committee have carefully considered the proposed draft rules promulgated by Government, viz., Rules No.6 B, 34 and 33 and I am directed to forward herewith their suggestions and objections to the proposed rules.--

Re: Rule No. 6 B.--This proposed rule against multiple membership in Co-operative Societies is likely to affect very prejudicially the well-being of the Societies, particularly Goods Societies like ours, the smaller Societies, and also operate as a great hardship on members. A number of smaller Societies would have to get wound-up or their business would get very much crippled and they would also find great difficulty in finding responsible and earnest office-bearers to look after their management. Even in Cities like Bangalore and Mysore, it is found that the persons, who take an active interest and work whole-heartedly for the well-being of Societies, are comparatively a small number and the same persons serve as directors in a number of Societies. The Societies in Bangalore and Mysore may at least have to be exempted from the operation of this rule. There are also various other objections to the rule as now drafted. The members would have entered into

into commitments, borrowed monies, undertaken to subscribe for Provident Funds and other schemes and contracted long loans. The application of this rule would work enormous hardship and it would be very difficult also to apply the rule in their cases. The member would find it very difficult to suddenly change over to a single Society, where he might not be able to get the present facilities that he has been getting with the help of a number of Societies or transfer all his liabilities. In such cases, unless Government is prepared to discharge all the indebtedness of the various members through some central agency, like, The Mysore Provincial Co-operative Apex Bank, Ltd., the Societies as well as the members would find themselves in an impossible situation or dead-lock, if the rule is to be applied stringently. The rule, therefore, ought not, in any case, to be applied with retrospective effect and all the existing members of the Societies may be exempted by a special or general rule from the operation of the rule, even if the rule is passed in its present form. But there seems to be no need at all for the rule, if the following safe-guards are provided by rules if necessary or taken note of:-

(a). If a person, on his becoming a member, declares in his application that he will not apply for or claim credit beyond his paid-up asset and if any Co-operative Society or Co-operative

(ESTABLISHED 1905)



The Bangalore City Co-operative Society, Ltd.

NEW THARAGUPET, CHAMARAJAPET, BANGALORE CITY

NO 1381 DATED 11th January 1938

Co-operative Institution introduces a bye-law to that effect, and recognising such a condition, there must be no objection for him to be permitted to become or continue to be a member of that Society. There are several persons, who are anxious to be members of the Society for the facilities that affords them, viz., thrift, purchase of goods at a fixed price from a reliable place, easy, ready and short-term credits, an opportunity of serving others as office-bearers in such Societies and the social aspect of membership and there are likely to be a good number of persons, who would be prepared to give such an undertaking confining their operations. This undertaking may be enforced by machinery being provided for other Societies being consulted, whenever necessary before lending to a member.

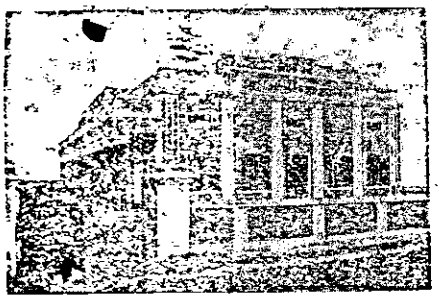
(b). There can be no objectxxx in enforcing a rule of prohibition of multiple membership where the credit allowed by the bye-laws of the Society to any member is always less than his asset and is only given on security, as in the case of the Bangalore Central Co-operative Bank, Ltd.

(c). The Societies may also be instructed to introduce a column in their applications about the other Societies and Institutions, of which he is a member and his transactions therein before enrolling the applicant.

The Societies concerned may be asked to observe strictly the conditions above suggested.

If the idea of promulgating such a rule is to prevent a person from becoming indebted in a number of places, it is submitted that it would hardly serve that purpose, as it is open to him to borrow in non-co-operative institutions, when his position will certainly be worse. When it comes to the knowledge of the Department at any time, that a member is a defaulter in any Society or permission to file a suit against him from the Registrar of Co-operative Societies in Mysore, it is always open to the Department to enquire, whether he is indebted in other Societies and ask such Societies to remove him from the membership. This would be a wholesome check against a person defaulting in any Society to the extent of being sued.

Re: Rule No.34.-- The proposed rule, while apparently innocuous, is too vaguely worded and may be open to abuse. There seems to be also no need for a rule of that nature, as far as this Committee is aware. It may also be pointed out that there seems to be no power under Section 44 (2) (C) of the Mysore Co-operative Societies Regulation to make such a Bye-law, as it does not come within the wording of any object or the purpose contemplated under that rule.



(ESTABLISHED 1905)

The Bangalore City Co-operative Society, Ltd.

NEW THARAGUPET, CHAMARAJAPET, BANGALORE CITY

NO. 1381 DATED 11th January 1938

Re: Rule No. 33.-- The Committee considers that there is no necessity for such a rule at present in Stores-Society, like ours. The discretion may be left to individual Institutions, who will consider their own peculiar circumstances.

I have the honor to be,
Sir,
Your most obedient servant,
P Vasudevamurthy
CHAIRMAN,
EXECUTIVE COMMITTEE.

NVS.

श्री: 3742 D

BR 11-36-232.

K. SRIKANTAYYA.
PENSIONER & EX-SECY.,
CENTRAL BANK

"DHRUVA"
V. 73. CHAMARAJAPET.
BANGALORE CITY 11 Jan 1938.

13 JAN 1938 GOVT OF MYSORE

The Secretary to the Government of His Highness
the Maharaja of Mysore,
Local Self Govt. Department, Bangalore.

Sir,

With reference to Notn. No.D.1176-C.S.11-36-146 dated 4th August 1937, D.3455-C.S.11-36-200 dated 9th Novr. 37 & D.3557-C.S.11-36-201 dated 12th November 1937, I beg to submit as follows:-

Notn. No.D.3557 dated 12-11-37. Restriction of multiple membership in Co-operative Societies. Rule 6.B.

This is no doubt a very healthy & desirable rule, but the enforcement of which rigidly all at once may be beset with various kinds of difficulties, particularly in the case of existing members who are indebted to 2 or more Societies.

A careful scrutiny of loan ledgers of Societies, particularly in urban areas, may reveal that in the majority of cases loans are granted somewhat freely far in excess of members paid up assets therein without sufficient cover & without particular regard to his repaying capacity and the genesis of such loans, renewed from time to time as a matter of course, may be traced back to a long number of years. This method of granting loans & their renewals, while encouraging members to increase their liability irrespective of their repaying capacity definitely frustrates the basic object of the Co-operative Movement & affects in the long run the credit & stability of all the Societies which have common members.

An economic survey of the indebtedness of members of Co-operative Societies will also show that the present system of running Societies has done no real good either to the Institutions concerned or to the members thereof. Provision will ordinarily be found for the issue of different kinds of loans to a single member & as a rule the majority of members will have participated in all of them & will have in several cases found themselves unable to extricate themselves from their liability to the detriment of the Societies concerned.

The proposed restriction will, instead of affecting the Societies concerned, particularly the smaller ones with limited financial resources, enable them to get rid of undesirable defaulting members & establish themselves on a sounder basis, with members interested exclusively in these societies.

There are at present 3 big Credit Societies, which do both banking & stores business & 1 small society which deals in cloth & does small banking business with its limited finances in the B'lore City. The four societies are, The B'lore City Co-operative Societive, the Malleswaram Co-operative Society, the Basavanagudi Co-operative Society & the Industrial & Commercial Co-operative Society. Common members in any 2 or more societies & who are likewise indebted to them may in the first instance be required to select any one of them & may then be called upon to put their accounts in order within a reasonable time, say not exceeding 6 months, in the Societies which they give up. So, in the course of 6 months or latest in a year, the accounts will have been closed in the Societies given up by them. Similarly, in the case of primary Societies which do exclusively banking business within the limited area of a City or Town, common members should be dealt with. By this method, the proposed rule will have been brought into effect to some extent for the time being. The next step is, to eliminate members who have membership in a purely banking institution & also in a combined Society like any of the 4 societies mentioned above, by requiring them to select one of the two Institutions. This same procedure may be adopted in other places. If the question is solved in the Cities of BAngalore & Mysore, there may not be much difficulty in regard to other places. The introduction of this salutory rule, which will prove a blessing in disguise, also effectively prevents common members on the Board of Management of different Societies of the same kind as above described. Such common members on the Directorate does not for obvious reasons conduce to the efficient supervision & control over those

Societies, but on the other hand obstructs entrance to competent new men who may have all the necessary qualifications to be on the Directorate, above all have sufficient time at his disposal to do justice to the appointment. The fear that competent men cannot be secured for the directorate, if multiple membership is abolished, is absurdly baseless, particularly in the case of city & District head quarter Town-Societies & highly insulting to educated & honorable gentlemen who can be easily found in large numbers.

The imposition of the condition that no person who is indebted to a society beyond his paid up assets without adequate tangible security shall be eligible for election as a director is highly necessary & a director shall be responsible to the loans granted to members in excess of their paid up assets & without proper cover, unless his note of dissent is on the record in the Society.

2. Notn.No.D.3455-C.S. dated 9-11-37 re- membership limit. Rule 33.

No urban Society should be permitted to have membership exceeding 1000 & this object will be authmatically gained by the introduction of Rule 6-B above prohibiting multiple membership. The effect of restricting membership as contemplated in the new rule 33 is to enable the management to exercise efficient check over the tranaactions of the members & thereby fully guard the interests of the Institutions.

3. Notn.No.D.1176 dated 4th August 37 re- appointment of managing committee members. Rule 6(3)

There are at present no Rules regulating the election of members for the Committee of Management & no provision exists for the elimination of the same old members & for the introduction of healthy fresh element. The absence of compulsory elimination of the same old members who some-how manage to get into the Board year after year appears to have been one of the main causes for the demoralization & deterioration of societies as statistics may definitely reveal. Time has arrived to justify the imposition of the restriction of the kind contemplated in the draft Rule 6(3). Opposition to the introduction of this wholesome Rule may no doubt be expected from those who wish to

श्रीः

K. SRIKANTAYYA.
PENSIONER & EX-SECY.,
CENTRAL BANK

"DHRUVA"
V. 73, CHAMARAJAPET.

BANGALORE CITY 12.1. 1938

indefinitely stick to their appointments on various personal grounds. I would therefore beg leave to suggest a change which would effectively facilitate the achieving of the object to the fullest extent possible.

"The management of every Society situated at District Head Quarters (exclusive) shall vest in a Committee consisting of not more than 18 & not less than 6 who shall be elected at each Annual General election of the members of the Board, subject to the condition that at least two-thirds of the total number of members of the Board, who have not served thereon during the 3 years immediately preceding the election shall be elected. If the result of the poll shows that more than one-third who were on the Board during the three years immediately previous have been re-elected,,such number in excess of one-third (one) & who have secured the lowest number of votes as among the old members of the Board shall retire & their places taken up by new members on the same condition in the order of votes secured"

By the introduction of this Rule, all the old members will have made room to new members in the course of 3 years. I have for the sake of easy elimination suggested 18 (eighteen) as the maximum number & 6 (six) minimum. Provision is also made in the rule suggested above for old directors not getting into the Board again until three years shall have elapsed from the date of their original entry. Such a rule is absolutely essential & easily workable in places particularly at all district Head Quarter Societies. The introduction of such a Rule will be heartily welcome by all persons who are genuinely interested in the progress of the beneficient Movement like the Co-operative Movement & will enable the Societies also to prosper.

Your most obedient Servant,

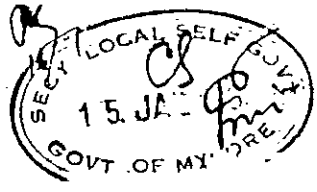
K Srikantayya

-3777

THE MALLESWARAM CO-OPERATIVE BANK LIMITED.

CJ-11-36-234

No. _____



Malleswaram, P. O.
(Bangalore.)

Dated 15th January 1938.

The Secretary to Government of
H. H. the Maharaja of Mysore,
Local Self Government Department,
B a n g a l o r e.

Sir,

Subject:- Notification No.D 3557-C.S.1136-201, dated, Bangalore, 10/12th November 1937, re: Multiple membership in Co-operative Societies.

With reference to the above notification calling for objections, if any, for the incorporation of a Rule under the Co-operative Societies' Act, I am directed to inform you that the Board of Directors of our Bank having considered the same in all its bearings, resolved to make a representation to the Government with a view to secure a modification of the proposal so as not to make the rule applicable to existing members. The Board of our Bank consider that the existing cases of multiple membership - which happen to be a feature in the big urban Co-operative Societies working in Bangalore and Mysore Cities - is the cumulative result of circumstances connected with the gradual development of the movement for decades past, and any rule considered necessary to prohibit the same ought not to be made to apply to existing members. The Department has already

been steadily discouraging the practice and even at present, in most institutions, while admitting new members, care is taken to see that the practice of multiple membership is not perpetuated, and such membership is allowed only in exceptional cases where the admission is to the mutual advantage of both the individual and the Society. Further, ~~the~~ such total admissions in any institution is subject to a limit prescribed by the Registrar.

In urban areas where this practice prevails, the assistance received by the Societies from persons, who at present retain multiple membership, far outweighs the disadvantages that may have accrued in some instances. Public spirited Honorary workers who are capable of running big urban Societies happen to be a diminishing number latterly, and a rigid enforcement of the rule regarding the multiple membership in all cases will undoubtedly further diminish the ranks of such workers and the movement as it is to-day can ill afford to withstand a move of that kind.

Our Board of Directors are, therefore, of the opinion that while the rule proposed may be made applicable to future admissions, the existing members may be exempted from its operation.

Our Board also apprehends that a great many difficulties will be experienced in the application of the rule as at present proposed, involving considerable harass-

ment to the individual members and inconvenience to the institution concerned. At present the regular and the deserving members of Co-operative Societies have been enjoying different facilities in different institutions and thus multiple membership has been found to be not only necessary but desirable as the full advantage of Co-operative Service cannot at present be availed of, by confining the membership to only a single institution. The methods of business of the urban societies are not uniform at present and happen to be of varying grades. Unless the institution chosen by the member can afford to give atleast the present measure of credit and other facilities which multiple membership has at present offered to deserving members, by a liberalisation of its constitution, the rule will cause very great hardship if members are compelled to close their accounts in all but one institution.

Besides, the powers proposed to be vested in the Registrar in this connection seem to involve interference, in matters of detail, with the autonomy and discretion of the Co-operative Societies, which are essentially democratic bodies. The Board respectfully beg to submit that it is desirable to avoid bringing into existence sources of friction in the relations between the Department and the Societies which have always been of the most happy kind till now.

The Board of our Bank, therefore, earnestly hope tnat the Government will be pleased to so modify the Rule as not to make it applicable to the few cases of multiple membership existing at present. The Board, however, wish to assure that they are in entire sympathy with the General Policy in this respect and will co-operate to the fullest extent in reducing cases of multiple liability of members in the several institutions, in the best interests of the individual as well as the institutions.

The Board finally pray that the Government be pleased to reconsider the Rule in the light of the above views.

I have the honour to be
Sir,
Your most obedient servants,
For THE MALLESWARAM CO-OPERATIVE BANK, Ltd.

S. Gopalaswamy

HONORARY SECRETARY.

SG/MPN.

C.S. 11-36-235 3843

Sri Pattabhiramaswamy Co-operative Society, Limited,
CHAMARAJA MOHALLA,

No 146/1 Mysore, 18.1.1938

To
The Secretary to Government
Local self Government Department
Bangalore

Sir,

I beg to submit herewith the Extract of Resolution passed at the Committee Meeting of the Society held on 9.1.38 with Reference to Notification no D.3557-Cs 11-36-201 Dated Bangalore 10-12-37.

I beg to Remain
Sir,
Your most obedient Servant
Hundenhalli Krishnayya
Hon. Secretary

Sri Pattabhiramaswamy Co-operative Society, Limited,
CHAMARAJA MOHALLA,

No ..... Mysore, ... 193

తేది 9. 1. 1938 నాటి భారత ప్రభుత్వ వారి 4½ శాతం బంగారు బాండ్ల పథకానికి సంబంధించి ప్రజాభిప్రాయ సేకరణ నిమిత్తం ప్రచురించిన ముసాయిదా నియమాలను గురించి ఆలోచించడానికి ఈ సమావేశం ఏర్పాటు చేయబడింది.

అధ్యక్షులు: శ్రీ వి. కృష్ణారావు గారు (అధ్యక్షులు)
C. కృష్ణయ్యంగార్ గారు
A. గోవిందరాజులు గారు
M. రామలింగాచారి గారు
K. N. వెంకటసుబ్బయ్యంగారు

1) మన గౌ. ప్రభుత్వ వారు ఇచ్చిన ముసాయిదా నియమాలను పరిశీలించి, సహకార సంఘాలలో సభ్యులుగా చేరడానికి ఒక వ్యక్తి ఒక సంఘంలో మాత్రమే సభ్యుడుగా ఉండాలనే నియమం ఆమోదయోగ్యం కాదనీ, సంఘాలలో సభ్యులను చేర్చుకోవడంలో డైరెక్టర్లకు పూర్తి స్వేచ్ఛ ఉండాలనీ ఈ సమావేశం అభిప్రాయపడుతున్నది.

Resolved that the draft rules published for general Public opinion with no D.3557 in M-36-201 dated 10/11 now restricting membership of a person to one society only are not acceptable and that the Directors should have free hand in taking members to society as at present.

Sd/ Krishna Rao Venkatachar.
President.

"Copy
Sri Ambalatirthaiyya
Hon. Secretary.

No.5512 Encl.

C.S.1436-238 4314

Mysore,

8th February 1938.

From

The Honorary Secretary,
Sri Kanyakaparameswari Co-operative Society, Ltd.,
Rave Street, Mysore.

SECY. LOCAL SELF GOVT. 10 FEB 1938 GOVT OF MYSORE
GEN. & REVENUE SECRETARIAT DEVELOPMENT BRANCH.

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Local Self Government Department,
B A N G A L O R E .

S i r ,

Adverting to Docket No.6247 C.S.dated 5th February 1938 from the Registrar of Co-operative Societies in Mysore, Bangalore, I beg to enclose herewith the objections raised against the proposed draft Rule 6 B and rule No.33 as approved by the Board of Directors for favour of your kind information and consideration of Government and to request that the receipt of the same may kindly be acknowledged.

I beg to remain,

Sir,

Copy enclosed.

Your most obedient servant,

Lakshmana Chetty

Honorary Secretary.

Objections against the proposed Draft Rule 6(b) regarding multiple Membership.

1 The chief object of the Draft Rule appears to be to prevent Members from taking loans in more than one institution, beyond his repaying capacity. If this method is adopted a member cannot draw loans beyond the limited extent to which he is allowed under the Bye-law of a particular Society though his credit worthiness is greater. In such a case the individual who wants more money will naturally have recourse to private Bankers. If on the other hand this objection is answered by saying that the limit of personal loans and joints loans may be raised to 3 or 4 times the present extent then there is the great danger of the Society's exhausting all the resources on few individuals as it has happened in rural parts. But instead, each Society may be directed by the

Department to frame necessary bye-laws and subsidiary rules to prevent its members from borrowing from other institutions except with the permission of the concerned Society. If this salutary method is adopted members will be prevented from borrowing above their repaying capacity.

2 As it is, the difficulty of finding surety for a joint loan is very great. If a Member wants to take Rs 1,000/- as at present he could take two joint loans of Rs 500/- in two Societies with two different sureties. But if he is confined to a single Society grating that the joint loan limit is enhanced to Rs 1000/- the difficulty in finding the surety will be greater as the risk involved is greater. Hence there is the danger of his being shut out from the benefits of co-operation. In other words we will be forcing him to go to a money-lender for help.

3 If is presumed that cheap credit has ruined many members instead of helping them, there may be a few instances here and there of thoughtless borrowing but to generalise from a few such instances is unjust.

4 The practice adopted by the Copoperative [illegible] Institutions in Mysore City affords not much chance to members who borrow indiscriminately. Loan applications demand informations from the members regarding their loans in other institutions and outside. In cases where the institutions feel some doubt about his credit worthiness references are made promptly to sister institutions to verify the statements made by the Member and to know t h e correct nature of his transactions. The ability of the member to pay instalments regularly, whether in one society or in more than one society is strictly considered. In fact, this forms a most important qualification for getting a loan. Too much of indebtedness of his low paying capacity invariably led to rejection of his loan applications. As societies themselves have adopted this proceedure there is no necessity for a dr stic rule of the kind contemplated.

5 Our Sri Kanyakaparameswari Co-operative Society, Ltd., Mysore, is a communal society member-ship being confined to Vysya Community. Membership so far has not exceeded about 300 members.

If membership is to be limited to an individual society every one would naturally choose a big and comparatively more prosperous society. Hence the deposits in small societies would be withdrawn and many of them may have to be closed actually.

6 If Members are asked to choose only one Society naturally they would prefer to keep all their deposits whether fixed deposit or thrift deposit in the society wherein they are members and thus many societies are bound to suffer particularly societies with only credit transactions.

7 Credit societies include both Banking and Stores Societies. There are different types of credit societies, viz., purely Banking, purely stores, banking combined with stores and banking with stores dealing with particular commodities. If a man is given the option to choose between the two he would naturally prefer the one with stores. Thus all Societies with only Banking will be neglected.

8 Each type of Society has its own advantage peculiar to its, not found elsewhere. It is really against every principle of Co-operation and thrift to compete a man to forget the benefits he would derive in different types of societies.

9 Members that have borrowed in more than one Society cannot be expected to discharge all their dues in other Societies within such a short notice.

10 Further it is not right that an institution should be deprived of the technical advice and help of experienced workers in the field. If such a rigid rule is enforced people with such vast experience may not be willing to approach the Registrar to ask for permission to be in more than one institution.

11 The Co-operative Enquiry Committee has pointed out t h e danger of allowing persons to pledge their unlimited liability in more than one institution. The rule for the restriction of membership to one unlimited liability society is no doubt necessary. But there is absolutely no such danger in the case of well managed limited liability societies. The proposed rule therefore is not

only undesirable but also enequitable. Instead of bringing into force such a rigid rule it would be better to leave the matter into the hands of individual societies concerned.

12 What is more, the Society is opposed to the fundamental principle of vesting the power of discretion in an official agency.

Regarding the proposed Draft Rule No.33.

The Sri Kanyakaparameswari Co-operative Society is a communal Society membership being confined to wysya community. The membership so far has not exceeded about 300. So even if a number of Membership as proposed is restricted to 1000 or so that will not affect our Society but the idea that there should be restriction of membership is itself opposed to the principle of Co-operation. Restriction of Membership even if found necessary may be left to the discretion of the institutions concerned.

Lakshmana Setty
Honorary Secretary.

Docket No. 6247. C.S. dated 5-2-1938 from the Registrar of Co-operative Societies in Mysore, Bangalore to the Hon: Secretary, Sri Kanyaka Parameswari Co-operative Society Ltd Mysore.

With reference to his letter No. 446 dated 8-1-38 has the honour to acknowledge the objections raised against the proposed draft Rule 66 and Rule No. 33 and to request that he may submit the objections to the Secretary, Local Self Government Department, Bangalore as called in the notifications issued by Government.

Sd. M. D. Venkatachar,
for Registrar.

"Copy"

R Lakshmana Setty
Hon: Secretary.

Statement of Objects & Reasons - The amendment of Rule 6 (b) — Multiple membership

I — The City Cooperative Bank Limited

1) It is against all coop principles & tariff to compel one to forgo the benefit he would derive from his membership in different Societies combining banking with stores.

2) Proposed to adjust does not affect the shares of members. Provision is therefore to be given to the members to discharge their existing liabilities.

3) The proposal will need Amendment of the Rules & Bye-laws of the Society & special resolution by the General Body is necessary. Suggest therefore the following amendments

(A) Delete "without the general or special sanction of the Registrar"

(B) Add the proviso 2) Provided that a member being a member of a credit society, and another credit Society Combined with stores may be given the option to confine his banking transactions to the credit society and his trade transactions to the other, and with this modification he may be permitted to continue his membership in these two types of Societies.

C) Add a third proviso - Provided that a member having borrowed in more than one society shall be given the option to select the society he wishes to continue as a member and if he has borrowed in the other Society he may be permitted to continue his membership in other Societies only for the purpose of discharging his existing liabilities during the originally stipulated periods.

II — Lakshmi Vilas Nidhi Coop Bank. Desirable to have the benefit of Income Provision in the application for loan. Certificate for information about dues in other Societies

No amendment is therefore necessary

III — Mr. Balwantrai Mehta Coop Bank Ltd

1) No risk in limited liability terms

2) This bank during the period of its Financing Bank Existence all over the State. and it Debtors Rooms. Who intend to take long loans which

the local credit unions might wish to
3) Defines the terms of Capable and
disinterested persons to the institution
requiring their exemption from the rules

IV The Kenya Cooperative Credit Act

1) Each society may frame bylaws
and subsidiary rules to prevent members
borrowing from other institutions without the
permission of the concerned society
2) For large amount. our society will not
be able to help. The terms will be known
to the money lender - being stuck out from
the benefit of Cooperation
3) As the society grant loans on the
repaying capacity of the applicant and
obtain information about bank other
societies or places - this amendment is necessary
4) Fixed or Thrift deposits can be withdrawn
from other societies where the terms are not
members and this affects the society
to a great very extent financially.
5) Reference to institutions conducive
with bars - term reflecting principle
banking institutions
6) Forfeiture of benefits for the different
types of deficits not advisable
7) Members borrowed already cannot be expected
to repay the amounts at the shortest term
8) Experience of only ten years will not be
available to society
9) Offered to the fundamental principles
of vesting the discretion in an official agency

V The Graduate Cooperative Loans Scheme

1) The draft rule unimpressive and unhelpful
in the contemporary situation
2) Advisable to leave the matter of
abuse of credit to the societies members

VI The Advantages proposed by this Plan

Opinion that of Rule 6(b) is necessary
exception be made in the case of Customers'
stores during banking business in towns if necessary
a Circular that he shall not have a cash
loan owing to both of these disadvantages
By this Rule the Registrar is more powerful
which is against the ideal of making cooperative
movement unofficial. The cooperative movement
which is intended to fight Capitalism cannot do
if such restrictions are placed

VII The Cooperative Federal Union - Objects

1) membership in several types of societies - necessary as
2) Necessary credit not available in metric and very
difficult to handle.
3) Not desirable to penalise societies for the sake of a few
defaulters in dividends
4) The difficulty of persons becoming defaulters in dark
societies case of maintaining credit of the member
can be made only by circulation of defaulters' list by
the societies, through a federal agency
5) Payment of loans in easy instalment for all the
members to be provident
6) Restriction of membership will deprive the
poor of being saved from the clutches of the money lenders
7) Small societies will perish by their own as every one
would like to choose big societies -
8) Benefit of real workers lost to the society
9) Very few people would go to the Registrar to take permission
to remain in their own society
10) No chance of altering liability from limited
liability societies

VIII Official class

1) One person to be allowed to be a member
in at least two credit societies
2) Sufficient time to be allowed for him to cease to
a member in other societies
3) That may grant loans at low rate of
interest to redeem the debts in Society

4) The Loss incurred if not to redeem its special loan debt will be small if the existing members are sufficient to contribute to the discharge of their liabilities.

VII In this Municipal Co-operative Society Myrna

(a) To remedy evil of borrowing in small sums, usually to repay former borrowing in other societies, and to avoid the temptation of borrowing in which he is a member

by the aid of Co-operative principles to enable artisan to reap the benefits of different types of trade

(c) Difficulty of depositing duty at distant banks

(d) Disadvantages to persons of small means in form of deposit in Savings Bank

(e) Small sums better for the interest of deposits in them

(f) If one particular institution is a locality after all advantages of the Municipal Savings Bank with similar facilities to offer over the institution offering advantages with be to municipal

(g) Deposits experiences written to encourage the cause of co-operation

(h) Power of distribution in special agency — opposed to fundamental principles

(i) If one does not answer the wants of the neighbourhood in which it is situated, not for non membership in both societies

IX Industrial & Commercial Society Rules

The restriction of membership would mean the withdrawal of very large number of members from the society, which would mean a debit blow to the institution working by Trades

Request the exemption to the existing members

X The Co-operative Stores Association Ltd

Deprivation of the benefits of different types of societies

XI The Registrar - his duties & powers

1) The smaller societies will have to be wound up & their business cripples.
2) Loss of services of responsible and efficient supervision to the societies
3) Difficulty of meeting all the financial obligations by members at short notice
4) Safeguards to avoid existing abuses will be insufficient
(a) Declaration by a person before becoming a member of a society that he will not apply for or claim credit beyond the paid up amt in other societies
(b) Loans on personal security are given only below the paid up amts and every other loan being undesirable
(c) Decision in the application about the obligations in other societies before enrolment
(d) When the dispute comes before the Registrar he may enquire his liability in other societies and remove from membership

XII Mr. K. Lakshmanaiya - Ex Secy. Central Co-op Bank

1) Favours the adoption of the rules. But the enforcement of the rule regarding net may be kept in abeyance difficulties by members of committees and constitution
2) The proposed rule enables smaller societies to get rid of undesirable defaulting members and establish them on a sounder basis
3) Present Chairman members with Boards of management of different societies of the same kind, who do not care to exercise supervision & control. Mr. Desai for Registrar of suitable men.

XIII The Rules Committee Report of Banchhor

(a) Rule be not made applicable to existing members
(b) The assistance receive from persons into multiple membership for outweigh the disadvantages
(c) Honorary workers in a district being member better and the societies can ill afford to lose their services
(d) Undesirable harassment to individual members and in connection to the institution
(e) Interference by the Registrar with the autonomy of the societies and leads to friction between the Dept & the Societies

XIV Sri Pattabhirameswarar Society Kuppam

Not in favour of the rule

XV Sri Kanyaka Parameswari Society Kuppam

The Society may permitted to frame its own bylaws to prevent ~~borrowing~~ borrowing in other Societies except with the permission of Circle Registrar

Rarely in high amounts nor ~~being~~ available member is forced to ~~be~~ to private moneylenders thus frustrating the object to afford cheap credit

Few instances of indiscriminate borrowing should not be made to ~~paralise~~ paralise the deposit Loan applications are wherever necessary referred to other institutions for enquiry and verification

Kanyakaparameswari Society being a Circle level one into about 300 members the rule will adversely effect their benefit. & every one would naturally choose big Society for their help. -

Deposits from such institutions are not very Rarely banking institutions will be rejected

Dichotomy of liabilities at short notice difficult -

Deprivation of services of ~~trained~~ technical experienced workers.

No doubt ~~abuse~~ of ~~heavy~~ liabilities in limited liability Societies Powers discretion vested in official agency - appears to principles -

Appendix F G—1]

SUBJECT .....

.....

.....

Section 65

File No. 11-36

Serial No. 254

No. 28213

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193* .

Date of issue 25-6-37

Signed by .....

Notification

In exercise of the powers vested in them by section 44(2)(d) of the Bijapur Co-operative Societies Act of 1918 as amended from time to time the Govt of H.H. the Maharaja of Bijapur are pleased to make the following rule restricting membership in co-operative societies.

Rule 6.C. - (Here enter the portion of the Note marked in Para 5 above)

List of enclosures.....

Copied by 11/6/37

Examined by.....

By order
of
Govt
18/6
Secy. L.S.G.

To The Compiler Bijapur Gazette for publication in Part IV of the Gazette

in English and Kannada with the
requisite 250 Copies of each
of the notification may be sent to the
Registrar of Cs. and 100 Copies of each
to this office

Encls W 8214

Copies of the above proceedings
with Compliments to the Registrar
of Cs. for information

B. O

1(8)/14

Le. Cy. Lds

1(8)

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

General and Revenue Secretariat,

Dated, Bangalore, the 19th April 1938

No. D 8213/Cs. 11-36-254

N O T I F I C A T I O N.

In exercise of the powers vested in them by Section 44(2)(d) of the Mysore Cooperative Societies Act of 1918 as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to make the following rule restricting multiple membership in Cooperative Societies.

Rule 6.C.- " No person being a member of a credit society except a Land Mortgage Bank or a Central Financing Bank or a House-Building Society, shall be a member of any other Credit society, without the general or special sanction of the Registrar; and where a person has become a member of two such credit societies either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect;

Provided that a month's notice shall be given to the person to select the society in which he wishes to continue as member, and his objections and wishes are duly considered by the Registrar before making the requisition.

Provided further that the Registrar may permit persons who are members of more than one credit society to continue their membership in them only for the purpose of discharging their obligations to these Institutions within a period to be fixed by him and not for contracting fresh obligations or for serving on the Committees of Management of such societies."

By Order,

K Srinivasa Rao

for Secretary to Government,
L.S.G.Department.

To

The Compiler, Mysore Gazette, for publication in Part IV of the Gazette in English and Kannada with the request that 250 copies of each of the notification may be sent to the Registrar of Cooperative Societies and 100 copies of each to this office.

NOTIFICATION.

No. D. 8213—*C. S.* 11-36-254, *dated Bangalore, the* 19—25*th April* 1938.

In exercise of the powers vested in them by Section 44 (2) (d) of the Mysore Co-operative Societies Act of 1918, as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to make the following Rule restricting multiple membership in Co-operative Societies.

Rule 6C.—"No person being a member of a *Credit* society except a Land Mortgage Bank or a Central Financing Bank or a House Building Society, shall be a member of any other *Credit* society, without the general or special sanction of the Registrar; and where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect;

Provided that a month's notice shall be given to the person to select the society in which he wishes to continue as member, and his objections and wishes are duly considered by the Registrar before making the requisition.

Provided further that the Registrar may permit persons who are members of more than one credit society to continue their membership in them only for the purpose of discharging their obligations to these Institutions within a period to be fixed by him and not for contracting fresh obligations or for serving on the Committees of Management of such societies."

By Order,

P. H. KRISHNA RAO,
Secretary to Government,
Local Self-Government Department.

Printed by the Superintendent at the Government Press, Bangalore.

63 III-36-275

GOVERNMENT OF MYSORE.

No. 10286 C. S.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

Dated Bangalore, 1st June *1938.*

6/85

GOVT. REVENUE SECRETARIAT. 2 - JUNE 19.. DEVELOPMENT

From

M. ABDUL HUKH, Esq., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local Self-Government Department, Bangalore.

Sir,

I have the honour to request that, in addition to the powers already conferred on ~~the Deputy Registrar and~~ the Assistant Registrars of Co-operative Societies in Government Notifications No.D.2578 C.S.62-33-3 dated 5th October 1934, and No.D.2995/C.S.33-35-3 dated 7th November 1935, the following power under the Mysore Co-operative Societies Act and Rules may also be conferred on the Assistant Registrars of Co-operative Societies of Divisions:-

Power to take action under Rule 6(c) of the Rules under the Mysore Co-operative Societies' Act, restricting multiple membership, subject to appeal to the Registrar.

2. The Rule relating to the restriction of multiple membership in societies has been promulgated now and this evil exists in the societies situated in the Cities of Mysore and Bangalore and a few District Head-quarter places. As several cases in these areas have to be dealt with under this Rule, it will be very difficult for me to hear parties and pass orders in each case. Moreover if the power of hearing the parties and passing orders under the Rule is conferred on the Assistant Registrars, the parties will have a right of appeal to me. In fact, I anticipate a large number of appeals from the orders of the Assistant Registrars in this respect. If the power is vested only in the Registrar, then Government may have to hear a large number of appeals in this respect. In the interest of quick

P.T.O.

quick despatch of work, I request that my proposal in this respect may kindly be approved.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.1/6.

C.S 11.37 ... 20th June 8

7150

No. 291.

Dear Sir,

Your letter asking for an interview reached me today at Bangalore. As I shall be busy with the meetings of the Legislative Council from Wednesday the 22nd instant and I have to go to Simla on the conclusion of the session, I would suggest your sending me a memorandum explaining the nature of the difficulties that you say you are finding in the application of the rule restricting multiple membership in co-operative credit societies. The memorandum may be kindly addressed to the Secretary to Government, Local Self Government Department.

Yours faithfully,

Sd/- N. Madhava Rau.

The Honorary Secretary,
Co-operative Federal Union,Ltd.,
M y s o r e.

memo no. 291-1.

L.S.G. Secretary
with compliments.

20/6/38

2.6.38

GEN. & REVENUE SECRETARIAT BRANCH.
4/7/38

C.S. 11-36-272

THE CO-OPERATIVE FEDERAL UNION LTD., MYSORE.

To

The Second Member in Council,
Government of Mysore,
(Camp) Mysore.

Sir,

Circular No.20 of the Registrar Co-operative Societies received by the Co-operative Societies in this city two days back, which is based on rule 6 (C) passed recently under the Co-operative Regulation by the Government, regarding restriction of multiple membership in Co-operative Credit primary Societies, is believed by many members of the Federal Union Committee and other co-operators to have the effect of creating dead-lock in the working of the Co-operative Credit Societies. It is considered to be a very emergent matter that should be brought to the notice of the Government at the earliest opportunity, and therefore, we approach you with a request, that while you remain here you may be pleased to give an opportunity for the following gentlemen or as many as you deem sufficient to meet you in person and place before you the difficulties they feel in the application of rule 6 (C) and in following the procedure recommended by the Circular No.20 of the Registrar of Co-operative Societies.

Begging to be excused for the additional

additional strain proposed to be put on you during this very busy period of work here.

We beg to remain,

Sir,

Your most obedient Servants,

1. Honorary Secretary,
Co-operative Federal Union Limited,
Mysore.

2.

Names of the gentlemen referred to above

1. The President or Vice-President of the Federal Union, Ltd., Mysore.
2. Mr. V. Lingappaiah.
3. " M.A. Doraswamiengar.
4. " Y. Sreenivasiah.
5. " T.S. Rajagopala Iyengar.
6. " Rao Saheb M. Ramaswamy.
7. " P. Gopal-Krishna Setty.

GOVERNMENT OF MYSORE

M. ABDUL HUKH, Esq., B.A.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 752

Dated Bangalore, 22nd June 1938.

Dear Mr. Krishna Rao,

I invite your Kind reference to my letter No.10286 C.S. dated 1st June 1938 in the matter of conferring on the Assistant Registars of co-operative Societies the power to take action under Rule 6 (C) of the Rules under the Mysore Co-operative Societies Act and request you to kindly obtain the orders of Government in the matter at a very early date.

Yours sincerely,

TO

P.H. Krishna Rao, Esqr. M.A.

Secreatry to Government,

Local Self Government Department,

Bangalore.

Appendix F G—1]

SUBJECT .....

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Section 6A

File No. 11-36

Serial No. 277

Diary No. of letter replied to .....

No. 6313

To Notification

General and Revenue Secretariat

( )

the *193*

Date of issue 14-7-38

Signed by .....

Under Section 4 of the Mysore Cooperative Societies Act VII of 1918 as amended from time to time, the Govt of H.H. the Maharaja of Mysore are pleased to confer on the Assistant Registrars of Cooperative Societies the undermentioned powers in regard to the multiple membership of Cooperative Societies

List of enclosures.....

"Power to take action under ~~Rule~~ Rule 6 (c) of the Rules under the Mysore Cooperative Societies Act restricting multiple membership subject to appeal to the Registrar

Copied by .....

Examined by.....

of Cooperative Societies

B. O

From
9.7.38

Hyderabad. L. S. 9

To

The Controller Nizam Jubilee Press Hyderabad
publication in the Gazette with
the request that 250 copies of each of
these notice may be sent to the Registrar
and 100 copies each to the Press
Managers D 314

Copy of the above is forwarded
with compliments to the Registrars of Cos
for information with reference to his
letter No 10256 dated 1-6-38

B. O

Hyderabad. L. S. 9

LOCAL SELF-GOVERNMENT SECRETARIAT.

No. D. 313—*C. S.* 11-36-277, *dated* 14*th July* 1938.

Under Section 4 of the Mysore Co-operative Societies Act VII of 1918, as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to confer on the Assistant Registrars of Co-operative Societies, the undermentioned power in regard to the multiple membership of Co-operative Societies.

"Power to take action under Rule 6 (c) of the Rules under the Mysore Co-operative Societies' Act, restricting multiple membership, subject to appeal to the Registrar of Co-operative Societies."

By Order,
P. H. KRISHNA RAO,
Secretary to Government,
Local Self-Government Department.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. ..... General and Revenue Secretariat,

Dated Bangalore, ... *193*

D 313 / CS. 11-36-27 14th July 6.

NOTIFICATION.

Under Section 4 of the Mysore Co-operative Societies Act VII of 1918 as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to confer on the Assistant Registrars of Co-operative Societies the undermentioned powers in regard to the multiple membership of Co-operative Societies.

* Power to take action under Rule 6(c) of the Rules under the Mysore Co-operative Societies' Act, restricting multiple membership subject to appeal to the Registrar of Co-operative -- Societies".

By Order.

M.S. Srinivasan

Secretary to Government,
Local Self-Government Department.

To

The Compiler, Mysore Gazette for publication in the Gazette (English and Kannada) with the request that 250 copies of ~~each of~~ the notification may be sent to the Registrar and 100 copies ~~each~~ to this office.

bks)10.